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January 3, 2022

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court
State House
Concord, NH 03301

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, authorize the New Hampshire Department of Education (NHDOE), Bureau of Student Wellness and Nutrition to accept and expend additional grant funds from the U.S. Department of Agriculture in the amount of \$22,455,591 for the continued support of the Child Nutrition grant, effective upon Fiscal Committee and Governor and Council approval through June 30, 2022. 100% Federal Funds.

Funds to be budgeted as follows:

School Nutrition-SCH Programs
Account: 06-56-56-562010-25260000

	Description	<u>Current Modified Budget</u>	<u>Budget Request</u>	<u>Revised Budget FY22</u>
Income				
000-404489	Federal Funds	\$32,049,486	\$22,455,591	\$54,505,077
Expenditures				
010	Personal Services Perm Class	\$353,776	\$0	\$353,776
020	Current Expenses	\$10,773	\$0	\$10,773
021	Food Institutions	\$2,000	\$0	\$2,000
026	Organizational Dues	\$4,375	\$0	\$4,375
027	Transfers to DOIT	\$54,378	\$0	\$54,378
028	Transfers to General Service	\$17,813	\$0	\$17,813
029	Inter-Agency Transfers	\$128,006	\$0	\$128,006

030	Equipment New Replacement	\$1,600	\$0	\$1,600
037	Technology-Hardware	\$7,500	\$0	\$7,500
038	Technology-Software	\$1,063	\$0	\$1,063
039	Telecommunications	\$8,201	\$0	\$8,201
040	Indirect Costs	\$100,133	\$0	\$100,133
041-500801	Audit Fund Set Aside	\$54,888	\$22,434	77,322
042	Additional Fringe Benefits	\$64,211	\$0	\$64,211
050	Personal Service Temp Appoi	\$51,703	\$0	\$51,703
057	Books Periodicals Subscript	\$2,200	\$0	\$2,200
060	Benefits	\$263,118	\$0	\$263,118
066	Employee Training	\$2,831	\$0	\$2,831
070	In State Travel Reimb	\$14,501	\$0	\$14,501
072-502634	Grants Federal	\$30,734,806	\$22,433,157	\$3,167,963
080	Out of State Travel Reimb	\$9,450	\$0	\$9,450
085	InterAgcy Xfer Out of Fed FN	\$108,227	\$0	\$108,227
102	Contracts for Program Service	\$53,933	\$0	\$53,933
	Total	\$32,049,486	\$22,455,591	\$54,505,077

EXPLANATION

The New Hampshire Department of Education (NH DOE), Bureau of Student Wellness and Nutrition, Office of Nutrition Programs and Services (ONPS) receives a the Child Nutrition Block Grant for the National School Lunch Program (NSLP), School Meals Breakfast (SMB) and Special Milk Program (SMP) which provided the Food and Nutrition Service (FNS) with funding to award to Schools. This funding is for the purposes of meal claiming for the Child Nutrition Programs.

The Child Nutrition meals grants are reimbursement programs. Reimbursement is based on meals x rates funding formula. At the time of closeout, FNS looks at the final grant level and States are reimbursed the lesser of the two (meaning outlays + unliquidated obligations reported on the FNS-777 to Maximum earning) or meals served x rates reported on the FNS 10/44/418 reports.

The Child Nutrition programs has a yearly online application that needs to be approved before any claim can be submitted for the Fiscal Year. Once an approved application has been filed with the NHDOE, claims may be submitted and the NH DOE will communicate guidance and regulations on allowable activities and expenditures. School Administrative Units (SAUs) will submit program assurances and activities. NHDOE will review, approve or suggest edits, and sponsors will be allowed to spend available funds to be reimbursed through the reporting system.

In support of the objectives noted above, the NH DOE commits to: adequately monitor the formula subgrantees; provide regulatory guidance for the service of healthy meals to children and students, provide technical assistance to understand new legislation and new flexibilities; support fiscal compliance guidance and support.

For Fiscal Year July 2020 to June 2021, we reimbursed 13,130,658 meals, which the SAUs were reimbursed \$43,321,461. For Fiscal Year July 2021 to present we reimbursed 8,059,950 meals with the SAUs will be reimbursed for \$31,194,978. As you can see, that is a significant jump in allocations and we still have 6 months to go.

The reason for the jump is all meals are being reimbursed the Free Seamless Summer Option (SSO) rate of \$2.4625 per breakfast meal and \$4.3175 per lunch meal, which is higher than the Free rate of \$2.29 for breakfast and \$3.58 for Lunch for Fiscal year July 2020 to June 2021.

We have also seen a significant increase in meal participation since Fiscal 2020-2021 included remote learning and many families picked up meals. For fiscal 2021-2022, we have seen an increase in meals as the children are in school learning and all meals are free for all students. As a result, the SAU's are serving more meals and receiving a higher reimbursement than was anticipated due to COVID.

We could not have anticipated the allocations in our budget not being enough for the meals program. Below you will see the regulations that show we are a reimbursement programs and the funds will be paid through USDA. The State Agency needs to increase the value of the budgeted allocations.

210.5 Payment process to States. (a) Grant award. FNS will specify the terms and conditions of the State agency's grant in a grant award document and will generally make payments available by means of a Letter of Credit issued in favor of the State agency. The State agency shall obtain funds for reimbursement to participating school food authorities through procedures established by FNS in accordance with 2 CFR part 200, subpart D and USDA implementing regulations 2 CFR part 400 and part 415. State agencies shall limit requests for funds to such times and amounts as will permit prompt payment of claims or authorized advances. The State agency shall disburse funds received from such requests without delay for the purpose for which drawn. FNS may, as an option, reimburse a State agency by Treasury Check. FNS will pay by Treasury Check with funds available in settlement of a valid claim if payment for that claim cannot be made within the grant closeout period specified in paragraph (d) of this section.

210.6 Use of Federal funds. General. State agencies shall use Federal Funds made available under the Program to reimburse or make advance payments to school food authorities in connection with lunches and meal supplements served in accordance with the provisions of this part; *except that*, with the approval of FNS, any State agency may reserve an amount up to one percent of the funds earned in any fiscal year under this part for use in carrying out special developmental projects. Advance payments to school food authorities may be made at such times and in such amounts as are necessary to meet the current fiscal obligations. All Federal funds paid to any State in place of donated foods shall be used as provided in part 240 of this chapter.

210.7 Reimbursement for school food authorities. (a) General. Reimbursement payments to finance nonprofit school food service operations shall be made only to school food authorities operating under a written agreement with the State agency. Subject to the provisions of § 210.8(c), such payments may be made for lunches and meal supplements served in accordance with provisions of this part and part 245 in the calendar month preceding the calendar month in which the agreement is executed. These reimbursement payments include general cash assistance for all lunches served to children under the National School Lunch Program and special cash assistance payments for free or reduced price lunches served to children determined eligible for such benefits under the National School Lunch and Commodity School Programs. Reimbursement payments shall also be made for meal supplements served to eligible

children in afterschool care programs in accordance with the rates established in § 210.4(b)(3). Approval shall be in accordance with part 245 of this chapter.

APPROPRIATION EXPLANATION

<u>Class</u>	<u>Class Description</u>	<u>Explanation</u>
041	Audit Fund Set Aside	Appropriation is based on a percentage of the grant
072	Grants-Federal	Appropriation to provide funding to LEA's for meal reimbursements

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Frank Edelblut
Commissioner of Education