



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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MLC

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November 25th, 2019

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

REQUESTED ACTION

Authorize the Department of Administrative Services, Division of Procurement and Support Services, Bureau of Purchase and Property, Surplus Distribution Section, to accept and expend Trade Mitigation Funds in the amount of \$53,440.00 from the US Department of Agriculture which will be used to reimburse Community Action Program Belknap-Merrimack Counties Inc., of Concord NH (Vendor 177203) for administrative expenses in relation to the Trade Mitigation program, effective upon Governor and Council approval through June 30, 2020. **100% Federal Funds.**

Funds are to be budgeted in the account # 01-14-14-141710-51310000

The funds are to be budgeted as follows:

Class	Description	Current Budget FY 2020	Amount to Budget	Revised Budget FY 2020
010-000010	General Funds	\$15,960.00	\$0	\$15,690.00
000-404845	Federal Funds	\$168,093.00	\$53,440.00	\$221,533.00
	TOTAL REVENUE	\$184,053.00	\$53,440.00	\$237,493.00
029-500290	INTRA_AGENCY TRANSFER	\$15,960.00		\$15,690.00
041-500801	AUDIT FUND SET ASIDE	\$200.00		\$200.00
072-400146	GRANTS FEDERAL	\$167,893.00	\$53,440.00	\$221,333.00
	TOTAL EXPENDITURES	\$184,053.00	\$53,440.00	\$237,493.00

EXPLANATION

The Federal Government through the U.S. Department of Agriculture (USDA) Food and Nutrition Service started a new program titled Trade Mitigation which provides additional USDA foods to states. The Trade Mitigation funds for The Emergency Food Assistance Program (TEFAP) are managed by the Department of Administrative Services, Surplus Distribution Section to cover the costs associated with administering the program. These funds are 100% pass through to be provided to our contracted TEFAP vendor, Community Action Program Belknap-Merrimack Counties Inc.

Accordingly, your consideration of our request is appreciated.

Respectfully Submitted,



Charles M. Arlinghaus
Commissioner



Food and
Nutrition
Service

DATE: March 5, 2019

Park Office
Center

SUBJECT: Terms and Conditions for Funds Available for Storage and
Distribution of Trade Mitigation Program Foods

3101 Park
Center Drive
Alexandria
VA 22302

TO: Regional Directors
Special Nutrition Programs
MARO, MPRO, MWRO,
NERO, SERO, SWRO, and
WRO

State Directors
All TEFAP State agencies

Under the statutory authority of the Commodity Credit Corporation (CCC), the U.S. Department of Agriculture (USDA) is administering a Trade Mitigation Food Purchase and Distribution Program (Trade Mitigation Program) to purchase up to \$1.2 billion in USDA Foods. The bulk of this food is being distributed through The Emergency Food Assistance Program (TEFAP), which is USDA's primary outlet for foods purchased through market support mechanisms. These foods are being provided to State agencies in addition to TEFAP entitlement and bonus foods. Additionally, USDA is making CCC funds available to assist with the operational costs of the receipt, storage, and distribution of these foods. As described in the November 13, 2018 memorandum to TEFAP State agencies, *Allocation of Funds to Support Costs Associated with the Storage and Distribution of Trade Mitigation Program Foods*, up to \$50 million will be available nationally to support TEFAP eligible recipient agency (ERA) operational expenses associated with Trade Mitigation Program foods.

Attached to this memorandum is a summary chart (Attachment B) showing the initial offer of Trade Mitigation Program ERA operational funds available to each State agency for phase two Trade Mitigation orders. At this time, a total of \$18.7 million is available to State agencies that have ordered Trade Mitigation Program foods. State agencies must review this chart and return the attached agreement (Attachment A) to their respective Food and Nutrition Service (FNS) Regional Office with the total amount they choose to accept for disbursement to their ERAs no later than March 13, 2019. A State agency's acceptance of all or a part of these funds accompanied by the signed attachment will serve as acknowledgment of, and agreement with, the terms and conditions set forth in this memorandum. Additional Trade Mitigation Program funds will be offered throughout fiscal year (FY) 2019.

Disbursal of Trade Mitigation Program ERA Operational Funds

Under the statutory authority of Section 4(l) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b), these funds will be made available to State agencies on an advance basis. As outlined in the November 13, 2018 memorandum, *Allocation of Funds to Support Costs Associated with the Storage and Distribution of Trade Mitigation Program Foods*, funds will be allocated to State agencies based on a per-truck grant amount for each truck of Trade Mitigation Program foods ordered. State agencies are required to pass through 100 percent of these funds to ERAs within their State, and cannot retain any funds for use at the State level. State agencies have the discretion to give these funds to ERAs either through cash advances or through reimbursement payments. Funding provided via cash advances must, however, be adjusted based on actual costs incurred.

These funds will not flow directly through FNS. The Agricultural Marketing Service (AMS) will issue funds via electronic benefit transfer to State agencies that submit the enclosed agreement to FNS, as outlined above. The funds will be made available using the Web-Based Supply Chain Management system.

Allowable Uses of Trade Mitigation Program ERA Operational Funds

Trade Mitigation Program ERA operational funds must be used for TEFAP ERA operational costs associated with the receipt, storage, and distribution of Trade Mitigation Program foods.

These funds are separate and distinct from TEFAP administrative funds. These funds may be used for the same types of expenses as regular TEFAP administrative funding, but are limited to those expenses associated with Trade Mitigation Program foods. Additionally, unlike TEFAP administrative funds, these funds may not be spent by the State agency on behalf of the ERA. The funds must be spent directly by the ERA. State agencies and ERAs may refer to TEFAP regulations at 7 CFR 251.8(e) and section IX of Instruction 716-3 Rev. 1, TEFAP Administrative Costs, to determine what types of costs are allowable. The following list provides examples of allowable costs; however, this list is not meant to be exhaustive. Other costs may be deemed allowable as long as they are directly associated with the receipt, storage, and distribution of Trade Mitigation Program foods. State agencies are encouraged to make the most efficient and effective use of these funds possible. To that end, State agencies may restrict the use of these funds by disallowing one or more types of allowable expenses as stated in §251.8(e)(2).

Examples of Allowable Uses of Trade Mitigation Program ERA Operational Funds

- Fees charged by commercial warehouse operators and common carriers for storage and transportation of Trade Mitigation Program foods.
- Acquisition cost of equipment used in the physical handling, storage, and transportation of the Trade Mitigation Program foods.
- Maintenance and repair of equipment described above.

- Salaries of temporary workers hired to assist with the handling, storage, transportation, or distribution of Trade Mitigation Program foods.

Period of Availability of Trade Mitigation Program ERA Operational Funds

FNS expects to provide these funds to State agencies in three installments prior to September 30, 2019. All of these funds must be liquidated no later than December 31, 2019.

State-level Reporting, Recordkeeping, and Oversight of Trade Mitigation Program ERA Operational Funds

TEFAP State agencies are responsible for ensuring that these funds are used for allowable expenses associated with Trade Mitigation Program foods. Since these funds can only be used for Trade Mitigation Program foods, State agencies must ensure that all ERAs can differentiate between Trade Mitigation Program foods and other TEFAP entitlement or bonus foods.

State agencies will need to ensure that these funds only go to those ERAs that are receiving Trade Mitigation Program foods and that those ERAs only use the funds for allowable expenses associated with Trade Mitigation Program foods. State agencies can use a variety of methods to ensure the correct usage of these funds. Some examples include:

1. Providing the funds to ERAs as a per-pound amount based on the amount of Trade Mitigation Program foods received.
2. Reimbursing ERAs based on invoices for allowable direct expenditures, such as a contract for additional storage space for Trade Mitigation Program foods.
3. Providing funds to ERAs based on anticipated costs, requiring ERAs to maintain records of all allowable administrative costs incurred, and ensuring that those costs equal or exceed the funds advanced to the ERA.

Alternate methods may also be allowable, but State agencies will ultimately be responsible for ensuring that these funds are used for the allowable purposes and that adequate documentation is available to support subsequent audit activity. All documentation must be kept for a period of 3 years after the end of FY 2019. State agencies should also include a review of Trade Mitigation Program ERA operational funds as a part of any required ERA review within the next 3 years. This review may be conducted using the principles set forth in Policy Memorandum FD-126, *Review of Administrative Funds Provided to ERAs in TEFAP*.

State agencies will be required to report the total funds used to USDA at the end of Calendar Year (CY) 2019. This reporting requirement is separate from TEFAP administrative fund reporting and will not use the FNS-667 form.

These funds should not be reported under the TEFAP administrative funds CFDA number (10.569). The funds will be reported under the unique CFDA number 10.178.

Federal Oversight of Trade Mitigation Program ERA Operational Funds

USDA will provide oversight to ensure that these funds are used appropriately. State agencies may be subject to a USDA review of the State's documentation, including a review of invoices. Additionally, all TEFAP Management Evaluations and Financial Management Reviews for FY 2020-2022 will include a review of Trade Mitigation Program ERA operational funds.

Recovery of Unused Trade Mitigation Program ERA Operational Funds

State agencies will be responsible for returning any unspent funds to USDA. At the end of CY 2019, State agencies must submit a summary report of the total funds used. State agencies must recover any unused funds that remain at the ERA level and return them to USDA via check or an electronic transfer. Further guidance on the process for returning funds will be forthcoming.

/Original Signature on File/

Diane Kriviski
Deputy Administrator,
Supplemental Nutrition and Safety
Programs, Food and Nutrition Service

/Original Signature on File/

David Tuckwiller
Deputy Administrator,
Commodity Procurement, Agricultural
Marketing Service

Attachments