



Food and Nutrition Service

DATE: March 4, 2021

Braddock Metro Center

MEMO CODE: SP08-2021, CACFP06-2021

1320 Braddock Place Alexandria, VA 22314

SUBJECT: Fiscal Year (FY) 2021 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs

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) 2021 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs
Document ID:	
Z-RIN:	
Date of Issuance:	March 4, 2021
Replaces:	N/A
Summary:	This memorandum provides the information needed to conduct the FY 2021 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 March 25, 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.

This memorandum provides the information needed to conduct the FY 2021 reallocation of SAE funds in the Child Nutrition Programs (CNPs). 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 be reminded that a number of updates to the carryover and reallocation of SAE funding went into effect in 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. In FY 2021, FNS encourages States to prioritize funding requests that would support the administration of and efficiency improvements in Food Distribution Programs for the National School Lunch Program as well as the Child and Adult Care Food Program. FNS will assign lower priority to SAE reallocation requests supporting Summer Food Service Program (SFSP) activities due to the abundance of State Administrative Funds (SAF) for SFSP available during FY 2021.

Furthermore, State agencies must ensure that the *total* amount of SAE funds (initial allocation *plus* reallocation and transfers for States receiving, or *minus* transfers in the case of those transferring out) carried over into FY 2022 does not exceed an amount equivalent to 20 percent of the total amount of all SAE allocations received in FY 2021. The State's SAE Plan must reflect an estimate of the planned use of SAE funds through the end of FY 2021. 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 **March 25, 2021**, 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:

March 25, 2021	State agencies submit SAE reallocation requests and FNS-525s to Regional offices.
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April 22, 2020	FNS notifies SA of SAE reallocation results.
Sept 30, 2021	End of first year of FY 2021 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 2021 SAE funds allocation into FY 2022 (initial allocation plus reallocation and plus or minus transfers).
Sept 30, 2021	End of FY 2021 SAE reallocation funds grant period. All SAE reallocation funds awarded in FY 2021 must be obligated <u>and</u> expended.

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

Original Signed

Jessica Saracino
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