

Analysis

Oregon Department of Education

Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic

Analyst: Doug Wilson

Request: Authority to apply for a federal grant for up to \$22.22 million from the U.S. Department of Agriculture for “Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic”.

Analysis: The Oregon Department of Education (ODE) is requesting authority to apply for a federal grant from the U.S. Department of Agriculture’s Food and Nutrition Services agency Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic program for up to \$22.22 million. The Consolidated Appropriations Act passed in late 2020 included funding to state agencies administering the National School Lunch Program, School Breakfast Program and the Child and Adult Care Food Program. The funds are for distribution to the local operators of these programs for emergency operating costs and lost revenue during the pandemic. The purpose of this funding is to assist these local operators whose revenues have declined or were temporarily interrupted during the early months of the pandemic (March through June 2020) and to ensure these operators will continue to serve their communities.

Funds will be distributed to the local operators based on a formula included in the federal legislation. The formula is based in part by comparing the program reimbursements to the operators from mid-March through June 2020 to the same period in 2019. Funds will be made available with equal access for all eligible program operators. An amount equal to no more than 1% of the reimbursements to operators under this grant will be made available to ODE for the administrative costs of distributing and monitoring the use of these funds.

ODE was required to submit an initial application by February 25, 2021 with a full implementation plan due by April 26, 2021. ODE met the 10-day requirement for submitting the request letter. Funding allocations will remain available to ODE until September 2021 and all funds must be liquidated by January 31, 2022.

Legislative Fiscal Office Recommendation: Approve the request.

Oregon Department of Education Streepey

Request: Authorization to apply for a grant of up to \$22,220,000 from the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) agency to reimburse local nutrition program providers for emergency operational costs and revenue shortfalls resulting from the COVID-19 pandemic.

Recommendation: Approve the request.

Discussion: The Oregon Department of Education (ODE) seeks approval to apply for a federal grant for up to \$22.2 million from USDA to reimburse local nutrition program providers for emergency operational costs and revenue shortfalls resulting from the COVID-19 pandemic. This federal funding opportunity became available with the passage of the Consolidated Appropriations Act, 2021, which was passed by Congress and signed into law in December 2020. The funds are available to state agencies that administer the National School Lunch Program, School Breakfast Program, and the Child and Adult Care Food Program within their state, which in the case of Oregon is ODE.

The additional funds are being dispersed through two temporary reimbursement programs, the School Programs Emergency Operational Costs Reimbursement Program and Child and Adult Care Food Program Emergency Operational Costs Reimbursement Program. These programs are intended to reimburse local level operators administering the programs for emergency operating costs incurred during the early months of the pandemic, March – June 2020. Eligible recipients include, but are not limited to school districts, day care home sponsoring organizations, day care home providers, at-risk afterschool programs, child care centers, and emergency shelters.

Funds provided under the programs are reimbursements for program performance and costs incurred in the past. The resources do not include specific future performance expectations beyond normal program expectations. The funding is dispersed through a statutory formula that compares the reimbursement amount for each applicable month in 2020 in relation to the same amount earned in 2019.

To receive funding under either of these reimbursement programs, ODE was required to submit an application to USDA no later than February 25, 2021. ODE is also required to complete an implementation plan by providing FNS with supplemental information no later than April 26, 2021. Funding allocations will remain available to ODE until September 30, 2021. Given the timing, it is likely funds will be expended in both the current biennium and 2021-2023, which may mean the Department needs Federal Funds expenditure limitation in both biennia if the application is approved. There is no match requirement or maintenance of effort requirement associated with this grant program. The Department will be provided with an amount equal to no more than 1.0 percent of the reimbursements for program administration costs.



Oregon

Kate Brown, Governor



OREGON
DEPARTMENT OF
EDUCATION

Oregon achieves.... together!

Colt Gill

Director of the Oregon Department of Education

February 8, 2021

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
Salem OR 97301-4048

Dear Co-Chairpersons:

Nature of Request

The Oregon Department of Education respectfully requests approval to apply for a federal grant for up to \$22,220,000 from the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) agency for "Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic." An initial application is due to FNS by February 25, 2021. A supplemental application/full implementation plan is due to FNS by April 26, 2021.

Background

Pursuant to Section 722 of P.L. 116-260, the Consolidated Appropriations Act, 2021, Title VII, Chapter 3 (the Act), the Food and Nutrition Service (FNS) is offering additional funds to State agencies administering the National School Lunch Program (NSLP), School Breakfast Program (SBP), and the Child and Adult Care Food Program (CACFP) to provide local operators of those programs with additional reimbursements for emergency operating costs they incurred during the public health emergency. ODE administers these Programs in Oregon. These additional funds will be provided by way of two temporary reimbursement programs.

These reimbursement funds provide additional funding for local Child Nutrition Program operators whose revenues declined or were temporarily interrupted during the early months of the pandemic due to COVID-19 related restrictions and closures. Program operators include, but are not limited to: school districts, day care home sponsoring organizations, day care home providers, at-risk afterschool programs, child care centers, and emergency shelters. Throughout the pandemic, Child Nutrition Program operators experienced widespread and significant gaps in funding, and in many cases were forced to expend their savings, draw funds from other sources, and cut or suspend operations. The financial relief provided by these reimbursements is intended to help address such shortfalls and ensure that program operators are in the best position to rebuild while continuing to serve their communities.

With these funds, ODE will provide program operators administering the school meal programs and the CACFP reimbursements emergency operating costs incurred during the months of March – June 2020. The amount of

funding provided to each program operator will be determined using a statutory formula established under the Act. ODE will implement the reimbursement programs with equal access for all eligible program operators.

Upon receipt of the funds from FNS, ODE will disburse formula-calculated payments to eligible program operators. Funding allocations will remain available to ODE until September 30, 2021. No additional obligations may be incurred by ODE after this date. However, ODE may continue to distribute reimbursement funds received from FNS prior to September 30, 2021 to program operators. Liquidation of state level obligations must occur by January 31, 2022.

To receive funding, ODE must submit an application to FNS no later than February 25, 2021, which, at a minimum, establishes intent to participate in the reimbursement programs and contains a narrative plan for how ODE will calculate and disburse funding to program operators. ODE must also submit an implementation plan to FNS no later than April 26, 2021.

Payments for each program operator will be calculated using a statutory formula established for the reimbursement months of March, April, May, and June 2020. The payments will be calculated based on the total amount of Child Nutrition Program reimbursements earned by the program operators during these same reference months in 2019. The total amount of Child Nutrition Program reimbursements earned during the reimbursement month in 2020 is first subtracted from the total reimbursements earned during the reference month. The difference between these two figures is then multiplied by a factor of .55 (55%) to arrive at that month's payment amount. If the result of any payment calculation is a negative number, the payment available for that month is zero.

Per the language of the Act, and in line with the general timing of expected closures at the beginning of the public health emergency, reimbursement payments are available for the operating costs for the full months of April, May, and June, but only half of the month of March. If a program operator did not operate during the months of March, April, May, and/or June 2019, the payment calculation employs an alternative reference period.

At the program operator level, these funds will be regarded as expended upon receipt by the program operator. Funds provided under this authority represent reimbursement to program operators for program performance and costs incurred in the past. They are not accompanied by specific future performance expectations beyond normal program expectations.

Funds provided to program operators under this authority represent reimbursement for excess costs incurred during the defined reimbursement period. The formula nature of the award serves as a proxy for these costs. The funds may be used to reimburse any local source of funds used to supplement the Nonprofit Food Service account during the reimbursement period to offset the impact of pandemic operations on that account.

In addition to applying the calculation, creating the payments, and disbursing the payments, ODE will be responsible for maintaining proper documentation and effective oversight of the payments and activities under the reimbursement programs, which is subject to review by FNS. Further, ODE will need to complete a report to FNS no later than March 31, 2022 that includes a summary of the use of program funds by ODE and that program operators have received the benefits.

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Joint Committee on Ways and Means
February 5, 2020
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ODE will be provided, by FNS, with an amount equal to no more than 2% of the reimbursements to cover its own administrative costs in implementing the reimbursement programs.

These funds are considered “such sums” funds, which means that whatever level of funding is needed to support the program, as well as the process of apportioning monies to State agencies, will be made available by FNS.

Agency Request

Approve the ODE request to apply for federal funds up to \$22,220,000 from the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) agency for “Emergency Operational Costs for Child Nutrition Programs during the COVID-19 Pandemic.”

Legislation Affected

None

Thank you for considering the approval of this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Colt Gill", with a stylized flourish at the end.

Colt Gill
Agency Director