

School Meals Assistance Revenue for Transition (SMART) Funds Question and Answers for School Food Authorities

This document includes questions and answers regarding Connecticut’s SMART funds for school food authorities (SFAs) that operate the National School Lunch Program (NSLP) and School Breakfast Program (SBP). For more information, refer to the Connecticut State Department of Education’s (CSDE) [Operational Memorandum No. 14-22: School Meals Assistance Revenue for Transition \(SMART\) Funds](#).

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SMART Funds Question and Answers for SFAs

General Questions

1. **Are SMART funds an extension of the U.S. Department of Agriculture's (USDA) nationwide waiver allowing SFAs to participate in the Seamless Summer Option (SSO) of the NSLP?** No. The USDA's nationwide waiver allowing SFAs to participate in the SSO of the NSLP expired on June 30, 2022. This is a State of Connecticut program established through Public Act No. 22-118 (House Bill 5506) and funded through the American Rescue Plan Act (ARPA) 2021 to assist SFAs with providing free school meals to students in school year (SY) 2022-23 as SFAs transition back to operating the NSLP and SBP.
2. **How will the CSDE allocate the \$30 million of the ARPA funds Connecticut has earmarked for school meals?** The CSDE has allocated the funding provided to eligible SFAs using a predetermined formula. The allocation includes \$3,000 per approved site operating the SBP in SY 2021-22 plus a proportional amount of funding based on each SFA's total SY 2018-19 reduced-price and paid lunch counts. The \$3,000 is intended to ensure that all SFAs participating in breakfast receive a meaningful level of funding, and the proportional amount is intended to provide resources that scale with the total reduced-priced and paid meals served by the SFA. SY 2020-21 total lunch counts will be used for sites that did not have 2018-19 lunch counts.
3. **Who is eligible to receive SMART funds?** SFAs in good standing that are participating in the NSLP and/or the SBP during SY 2022-23 and that participated in the SSO of the NSLP during SY 2021-22, including all sites operating under interschool agreements. Sites participating in the Community Eligibility Provision (CEP) for SY 2022-23, new NSLP sponsors, and SFAs that operated the NSLP (not the SSO) in SY 2021-22 are not eligible to receive SMART funds. By federal law, CEP schools must offer breakfast and lunch at no cost and are not allowed to collect free and reduced-price meal applications.
4. **What if some of the SFA's schools are CEP and some are not. Are the non-CEP schools eligible for SMART funds?** Yes. While schools participating in CEP are not eligible, non-CEP schools are eligible for SMART funds.
5. **Are private schools and endowed academies eligible to receive SMART funds?** Yes. Private schools and endowed academies participating as a sponsor, or through an interschool agreement in NSLP and/or the SBP during SY 2022-23 that participated in the SSO of the NSLP during SY 2021-22, are eligible to receive SMART funds.
6. **Are residential child care institutions (RCCIs) eligible to receive SMART funds?** RCCIs that are strictly residential programs are not eligible. However, RCCIs that operate programs with day students are eligible for SMART funds to serve meals at no cost to day students.

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7. **Are new NSLP sponsors (SY 2022-23) eligible for SMART funds?** No. New NSLP sponsors are not eligible for SMART funds. The intent of the SMART funds is to help SFAs transition back to the meal service operations in place prior to the public health emergency (PHE). Since new sponsors have not participated in the NSLP, their students and parents/guardians have never experienced the disruptions to the federally funded school Child Nutrition Programs (CNP) caused by the PHE.
8. **Will new sites starting a SBP in SY 2022-23 be eligible for the \$3,000 SMART payment?** Yes. If a SFA participated in the SSO in SY 2021-22 and offered breakfast, then new SBP sites operating through SY 2022-23 will be eligible for the \$3,000 SMART payment. As part of the Attestation Statement, SFAs must indicate which sites under the sponsor agreement will be participating in SBP for the entirety of SY 2022-23.
9. **Can a representative of a food service management company sign the attestation statement to accept or decline the funds?** No. One of the authorized signers of the CNP Permanent Agreement must sign the Attestation Statement.
10. **Is this “universal free meals?”** No. The intent of the SMART funds is to allow for a smoother conversion for households to adjust back to submitting free and reduced-price applications without accruing debt due to unpaid meal charges as SFAs transition to the meal service operations in place prior to the PHE.
11. **Can SFAs opt in to receive the SMART funds at any time?** No. All eligible SFAs must choose to elect or decline to receive their SMART funds allocation by August 19, 2022. If a SFA declines their allocation, their SMART funds will be available for reallocation by the CSDE.
12. **Can SFAs opt in at a later date to receive SMART funds even though the SFA previously declined acceptance of the funds?** No. Once an SFA “opts-out,” the funds will immediately be reallocated to SFAs that opt in to the SMART funds and will no longer be available.

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13. **How long are SMART funds projected to last?** Each SFA will need to monitor their SMART funds allotment closely and determine how long the SMART funds will last for a full month's worth of breakfast and/or lunch meal service. The CNP Online System will reflect the full amount allocated and the amount deducted with each month's claims for reimbursement. Therefore, it will be critical for SFAs to submit claims on time in the 30-day time frame or risk an inaccurate monthly financial snapshot.
14. **How will SFAs receive the SMART funds?** SMART funds will be transmitted to SFAs in the same way as federal claims for reimbursement. These funds must be maintained and accounted for separately in the nonprofit school food service account.
15. **What Child Nutrition Programs can SMART funds be used for?** SMART funds may only be used to support serving NSLP and SBP meals at no cost to students. Funds cannot be used for the Afterschool Snack Program (ASP), Fresh Fruit and Vegetable Program (FFVP), Special Milk Program (SMP), Summer Food Service Program, (SFSP), Seamless Summer Option (SSO) of the NSLP, a la carte, the Child and Adult Care Food Program (CACFP) At-Risk Afterschool Meals Program, or other programs.
16. **Will accepting SMART funds impact School Breakfast Grant funds, Healthy Food Certification funds, or State Match funds?** No.

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Use of Funds

17. **Will SMART funds be allocated annually?** No. SMART funds is a one-time opportunity to help schools have a smoother transition from providing all meals at no cost to all households into charging households for school meals based on their incomes.
18. **Can SFAs still sell a la carte if the SFA accepts SMART funds?** Yes. However, SMART funds cannot be used for a la carte items and can be only used to support providing USDA reimbursable meals through the SBP and NSLP.
19. **Can SFAs receive partial payment from students eligible for paid or reduced-price meals?**
No. By opting in to receive SMART funds, households cannot be charged any cost for reimbursable SBP and NSLP meals.
20. **Can SFAs use SMART funds to pay down student debt for charged reimbursable meal debt or a la carte charges?** No. Student debt for meals or a la carte is an unallowable charge to the nonprofit school food service account (NSFSA). Funds from the NSFSA cannot be used to cover costs related to the bad debt, such as continued legal and collection costs.
21. **Can SFAs use SMART funds to cover only reduced meals?** No. SMART funds must be used to cover the cost of all reimbursable paid and reduced-price breakfast and lunches in all the SFA's schools.
22. **If an SFA accepts SMART funds, can funds be used for some NSLP sites and not all? What if all the schools in the district do not participate in NSLP?** Once a SFA opts in to the SMART funds, they must provide all NSLP and SBP meals at no cost to all NSLP and SBP participating sites. SMART funds cannot be used at schools that do not participate in the NSLP.
23. **Are there any restrictions on the usage of funds?** Expenses must comply with the cost principles of 2 CFR Part 200 Subpart E. Costs charged to the NSFSA must be necessary, reasonable, allocable (direct or indirect), and consistently treated as direct or indirect.
24. **Can SFAs use SMART funds to provide second meals?** No. SMART funds cannot be used to provide second meals to students eligible for free, reduced, or paid meals.
25. **Can SFAs use SMART funds to make adult meals free or no cost?** No. SMART funds may only be used to support providing NSLP and SBP meals at no cost to all students.

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26. **Can SFAs accept SMART funds if the SFA has funds in excess of the 3 months' average operating costs?** Yes. To maintain the SFA's nonprofit status, sections 7 CFR 210.14(b) and 7 CFR 210.19(a)(1) of the NSLP regulations require that the fund balance (net cash resources) of the NSFSFA cannot exceed three months' average expenditures as of June 30 of each year. SFAs that exceed three months' average expenditures must submit a [Plan for Reducing Excess Operating Balance](#) to the CSDE to indicate how the excess balance will be spent to maintain the SFA's nonprofit status. Expenditures must make improvements to the USDA school nutrition programs such as improving food quality and replacing or purchasing necessary equipment.

Claiming

27. **Do SFAs claim all meals as free?** No. While all students will be receiving breakfast and lunch meals at no cost, meals must be claimed based on a student's approved eligibility (free, reduced, or paid).
28. **What rate will the meals be reimbursed?** The SMART funds will reimburse the SFA the difference between the Federal reimbursements rates for free meals and the reduced-price and paid reimbursement rate established for SY 2022-23. Reimbursement will reflect the SFAs Federal severe need eligibility for lunch and/or breakfast if applicable.
29. **Will use of SMART funds impact a SFA's Federal severe need eligibility for lunch and breakfast?** No. Because breakfast and lunch meals will still be claimed by individual student eligibility (free, reduced, and paid), use of SMART funds to provide meals at no cost to students will not impact severe need eligibility. Schools are eligible for the Federal severe need breakfast reimbursement rate if 40 percent or more of NSLP lunches served to students at school during the second preceding school year were at the free or reduced-price rate (42 U.S.C. 1773(d) and 7 CFR 220.9(d)). SFAs are eligible severe need lunch if 60 percent or more of the NSLP lunches served in the second preceding school year were at the free or reduced-price rate (42 U.S.C. 1753(b)(2)).

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Free and Reduced-price Eligibility

30. **Should an SFA still collect free and reduced-price applications SY 2022-23?** Yes. The CSDE does not anticipate that the SMART funds will cover an entire year of meal service at no cost to all households in all SFAs. Therefore, it is critical that SFAs participating in the SMART funds collect free and reduced-price school meal applications. The more households approved for free or reduced-price meals, the higher the federal share of reimbursement to the district will be, which may lengthen the amount of time that the SMART funds last.
31. **How is the 30-day carryover waiver impacted by the Keep Kids Fed Act (KKFA) and in light of the SMART funds?** Due to challenges resulting from COVID-19, the CSDE received approval from USDA to waive the required carryover of eligibility requirements in the NSLP and SBP for SY 2022-23. Therefore, a SFA who participated in the Seamless Summer Option in SY 2021-22, has the two options below when implementing the carryover period for SY 2022-23. For more information, refer to [Operational Memorandum 13-22: Carryover of a Student's Eligibility for School Year 2022-23](#).
- Option 1: Use the student's eligibility status (free, reduced, or paid) as of June 2022 as the eligibility that will be carried over for the first 30 operating days into SY 2022-23, starting with the first day of school.
 - Option 2. If a household did not submit an application for a child or a direct certification determination was not made in SY 2021-22, the SFA may go back to the student's most recently approved eligibility status (free, reduced, or paid) between SY 2019-20 and SY 2020-21. If a household submitted an application in SY 2021-22 and it was denied, the determination in the carryover period for SY 2022-23 is a paid eligibility status.

Although SFAs who opt into receiving SMART funds will provide student meals at no charge during the carryover period, SFAs will be required to claim those students using the student's eligibility based on the option selected above for the 30-day carryover period. Therefore, SFAs are encouraged to have a robust plan in place to encourage households to submit new applications prior to the expiration of the 30-day carryover period.

32. **Will all CSDE public release statements and meal application materials/notification letters be updated to reflect the transitional free meal plan?** Yes. The appropriate forms will be updated by the CSDE and sponsors will be notified when these forms are updated.

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33. **Are SFAs still required to collect and process free and reduced-price applications?** Yes. SFAs must have a plan in place to encourage parents/guardians to submit applications, especially during the carryover period. Outreach is very important to avoid excessive charging of meals when SMART funds are depleted and the SFA transitions to having students pay for their meals.
34. **Are SFAs required to check the direct certification list?** Yes. The direct certification contact must check the list weekly to see if a match was conducted. This will help to ensure that all eligible children are directly certified for free or reduced-price meals.
35. **Are SFAs required to complete Verification?** Yes. Since applications are being collected and processed, the formal verification process is still required and the FNS 742 Verification Summary Report will need to be completed. As a reminder, the formal verification process begins on October 1. An application may be *verified for cause* at any time a determining official questions income or household size. For more information, refer to the USDA's [*Eligibility Manual for School Meals*](#).

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Miscellaneous

36. **How is the Paid Lunch Equity (PLE) waiver impacted by the Keep Kids Fed Act (KKFA) and in light of the SMART funds?** To assist SFAs to better transition to normal pricing based on their local needs, the CSDE received approval from USDA to waive the PLE requirements for SY 2022-23. Regardless of the SFA's fund balance as of December 31, 2021, SFAs have the discretion to choose whether to raise the paid lunch price for SY 2022-23. The availability of the PLE waiver provides SFAs the flexibility to price paid lunches at a level that is best for their school or district based on local needs. This includes the option to decrease paid lunch prices from their previous levels. However, before adjusting paid lunch prices for SY 2022-23, SFAs should carefully review their budget to determine the most appropriate pricing. The receipt of SMART funds should be one of the considerations for SFAs when setting paid lunch prices. For more information, refer to [Operational Memorandum No. 12-22: Paid Lunch Equity: Guidance for School Year 2022-23](#).
37. **Will this impact a SFAs meal charging policy?** Yes. SFAs must create or update any policies and procedures related to the collection of unpaid meal charges for children who are served meals, are not eligible for free meals but do not have money in their account or in hand to cover the cost of the meal at the time of service. For more information, refer to [Operational Memorandum No. 11-22: Connecticut Statutory Requirements for Unpaid Meal Charges in Public Schools](#).

If the SFA elects to participate in SMART funds, there will not be any unpaid meal charges because students will receive a meal free of charge. It is important to have an updated charging policy based on current regulations so when SMART Funds run out, and the district shifts back to collecting funds for meals, the policy is accurate and can be communicated to students and households.

SMART Funds Question and Answers for SFAs

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