

Local Payment Distribution Calculation Example

The following document includes detailed instructions and illustrative examples for how State agencies must calculate the initial local-level distribution of Supply Chain Assistance (SCA) funds to their School Food Authorities (SFAs). Calculation steps are presented in the order they should be completed.

State Withholding for Centralized Local Purchases

State agencies should first determine if they will utilize up to 10% for State level procurement of local food products. (See the “Centralized State Purchasing and SFA Purchasing of Local Foods” section of the Questions and Answers document for additional details). The State agency will reduce their total SCA funds allocation received from FNS by up to 10% if the State agency elects to purchase food products at the State agency-level.

Allocate \$5,000 Base Payment to SFAs

Second, the State agency will list all SFAs regardless of free and reduced price enrollment status and initially allocate \$5,000 to each. As a reminder, all SFAs must be included in the initial allocation, even if a State agency is targeting SFAs that are at least 25% free and reduced price enrollment (SFAs with less than 25% free and reduced price enrollment may provide a request for exemption). The State agency will then multiply \$5,000 by the number of SFAs and subtract this amount from the State’s remaining SCA funds (from the first step). The remaining sum of SCA funds will be used to allocate to SFAs based on enrollment.

Calculate Enrollment-Based Payment to SFAs

Next, the State agency will determine each SFA’s percentage of enrollment. The SFA’s percentage of enrollment is the product of dividing the SFA’s enrollment by the total enrollment of all SFAs in the State.

The State agency will multiply the remaining SCA funding allocation (after the second step) by the SFA’s percentage of enrollment then add to that product the \$5,000 base payment already withheld to get a total per-SFA allocation.

Please note: All percentages should be rounded using general rounding rules (i.e. 4 or less, round final digit down; 5 or higher, round final digit up).

Example

Calculation

A State agency has an SCA funding allocation from USDA of \$1 million. The State agency chooses to utilize 5% of its allocation toward centralized State purchasing of local foods. The State agency has 5 SFAs and a total State enrollment of 120,000 students. The State agency chooses not to target SFAs with at least 25% free and reduced enrollment. However, this latter

decision does not impact the funding allocation, and the same steps would also be completed had they chosen the targeting approach.

First, the State agency would reduce its \$1 million allocation by the 5% it has chosen to use for centralized State purchasing of local foods. It does this by multiplying \$1,000,000 x 5% (or 0.05) to get \$50,000. The remaining \$950,000 (\$1,000,000 - \$50,000) would be allocated to SFAs.

USDA Allocation to State	\$ 1,000,000
Optional State local purchase (\$1 mil x 5%)	\$ 50,000
Remaining funds for SFAs (\$1 mil - \$50,000)	\$ 950,000

To calculate SFA allocation, the State agency would first allocate \$5,000 to each of its 5 SFAs. The total available SCA allocation would be reduced by \$25,000 (\$5,000 multiplied by 5 SFAs). The State agency has a remaining SCA funds balance of \$925,000 (\$950,000 - \$25,000).

The State agency would allocate the \$925,000 balance to SFAs based on SFA enrollment. The State agency would determine each SFA's percentage of enrollment by dividing that SFA's enrollment by total State enrollment (in this example it is 120K). The State agency would then multiply the remaining allocation of \$925,000 by that SFA's percentage of enrollment and would add the previously allocated \$5,000 to that product to determine the total SFA allocation of SCA funds.

(example continues on next page)

State's 5 SFAs	Initial \$5k	Enrollment (students)	Percentage of Enrollment (each SFA's enrollment divided by total State enrollment)	Remaining funds for enrollment based allocation \$925,000 ((\$950k - \$25k) multiplied by percentage of enrollment)	Total funds allocated to SFA ((\$5,000 + Enrollment-based allocation))
SFA 1	\$5,000	54,200	45.1667%	\$417,791.97	\$422,791.97
SFA 2	\$5,000	36,800	30.6667%	\$283,666.97	\$288,666.97
SFA 3	\$5,000	18,200	15.1667%	\$140,291.97	\$145,291.97
SFA 4	\$5,000	9,700	8.0833%	\$74,770.52	\$79,770.52
SFA 5	\$5,000	1,100	0.9167%	\$8,479.47	\$13,479.47
Total	\$25,000	120,000	100%	\$925,000.00	\$950,000.00

In the table above, SFA 1 (and all SFAs) received \$5,000 initially. SFA 1's enrollment of 54,200 is divided by the State's 120,000 total enrollment (54,200/120,000) which provides a percentage of enrollment for SFA 1 of 0.45166666 (or 45.1667%). SFA 1's percentage of enrollment is multiplied by \$925,000 (\$925,000 x 0.451667) to get an enrollment-based allocation of \$417,791.97. As a reminder, the State has an SCA balance of \$925,000 after reducing the 1,000,000 initial allocation by 5% for State purchasing of local foods and allocating \$5,000 to each SFA. Finally, SFA 1's initial allocation of \$5,000 is added to its enrollment-based allocation of \$417,791.97 to get a final SFA 1 allocation of \$422,791.97. The steps are repeated for each SFA.

Payment

This example may be continued to provide a simplified illustration of the payment process. For the purposes of this segment, we will also assume that the State chose to target funds to SFAs with at least 25% free and reduced price enrollment (even though they did not in the prior section) so as to account for more possible outcomes. The State's SFAs have a Free and Reduced enrollment as follows:

SFA	F&RP %
SFA 1	42%
SFA 2	65%
SFA 3	18%
SFA 4	37%
SFA 5	22%

The State agency would inform all SFAs of their allocations and determine if SFA 1, SFA 2, and SFA 4 intend to accept the allocated funds. The State agency would also determine if SFA 3 and SFA 5 will submit an exemption request, based on economic changes in the community or a need for funds to mitigate supply chain disruptions.

SFA 1, SFA 2, and SFA 4 each decide to accept the allocated funds. Although these SFAs could have declined to receive funding, they all accept the funds for the purposes of this example. SFA 3 determines that it will not seek an exemption. SFA 5 provides an exemption request for funds to mitigate supply chain disruptions. The State agency would disburse funds to SFA 1, SFA 2, SFA 4, and SFA 5 based on the calculation.

As a result, SFA 3's calculated allocation of \$145,291.67 would be retained by the State agency. The State agency will reallocate these funds utilizing the State's determined reallocation schedule and procedure.