

UNITED STATES DEPARTMENT OF AGRICULTURE**ASSISTANCE LISTING 10.542 PANDEMIC EBT FOOD BENEFITS (P-EBT)****I. PROGRAM OBJECTIVES**

The objective of the of the Pandemic Electronic Benefit Transfer (P-EBT) program is to provide nutrition assistance on EBT cards for: 1) school age children who would have received free or reduced price school meals under the National School Lunch Program (NSLP) and School Breakfast Program (SBP) had their schools not been closed or operating with reduced hours for at least five (5) consecutive days due to the COVID-19 public health emergency; and 2) children in child care whose child care facility is closed or has reduced attendance or who live in the area of a school that is closed or has reduced attendance due to the COVID-19 public health emergency.

II. PROGRAM PROCEDURES**A. Overview**

P-EBT was authorized and funded in section 1101 of the Families First Coronavirus Response Act (FFCRA, P.L. 116-127), and has been amended twice, most recently through the Consolidated Appropriations Act, 2021 (P.L. 116-260). The Program is administered at the federal level by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) through grants to State agencies. Each State agency submits an application to operate the program for a given period. If approved, USDA enters into an agreement with the State agency to operate in accordance with their plan.

P-EBT was first authorized in March 2020 and was initially only available to school children. USDA provided guidance on program implementation and State agencies submitted plans detailing how their programs would operate within the guidance. USDA approved all fifty states, the District of Columbia, the U.S. Virgin Islands, and Guam to implement P-EBT in school year (SY) 2019-2020 from the time that schools closed until the end of the school year. Congress amended the statute for SY 2020-2021 to: 1) revise programmatic requirements; 2) add an option for states to serve children in child care; and 3) allow Puerto Rico, the Commonwealth of the Northern Mariana Islands, and America Samoa to operate P-EBT Programs. USDA issued updated guidance in January 2021 to reflect statutory changes and worked with State agencies to develop and approve plans to serve school children and children in child care through the end of federal fiscal year 2021.

B. Benefits

Through P-EBT, eligible children received benefits on EBT cards that could have been used to purchase food at stores that accepted Supplemental Nutrition Assistance Program (SNAP) benefits. They must have used these program benefits to purchase foods for preparation and consumption at home. The amount of a child's benefit payment

depended on the daily rate established by USDA, and the number of days that the child did not receive school meals due to COVID, or the status of child care or schools in the area. The daily rate for school year (SY) 2019-2020 was \$5.70, which is equal to the value of the USDA free reimbursement for one breakfast and one lunch in SY 2019-2020. For SY 2020-2021, the daily rate was \$6.82, which included the value of free reimbursement for one breakfast, one lunch, and one afterschool snack in that school year.

C. Program Funding

Since the program’s inception, the federal government has paid 100 percent of the value of P-EBT benefits. Beginning October 1, 2020, 100 percent of administrative costs have also been paid by the federal government. Food benefit funding was provided through an account with the Federal Reserve Bank of Richmond, in the same manner as SNAP food benefits. Administrative funds were provided through a grant to the State agency that administers SNAP. It was the responsibility of the recipient agency to request sufficient funds to cover all program costs, and to distribute funds among program partners (e.g., the agency that administered the school meals programs), as necessary.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	N	N	Y	N	N	N	Y	N	Y	N	N

A. Activities Allowed or Unallowed

The authorizing statute, Section 1101 of the Families First Coronavirus Response Act (P.L. 116-127, as amended) is the authority for the administration of P-EBT. In addition, approved State agencies must implement the Program in accordance with their approved plans. Use of funds made available for P-EBT must also comply with government accounting and record keeping requirements in 2 CFR 200.

1. Issuing benefit levels at the appropriate amount

Compliance Requirements: State agencies determined benefit levels for individual students in a number of ways. Some State agencies counted the number of days that free or reduced price eligible students did not attend school in-person and therefore did not have access to meals at school. Other State agencies set common benefits for all children based on the predominant learning model (in-person, virtual, or mixed) at the school level or school district level. The FFCRA, as amended, provided for State agency use of simplifying assumptions and the use of “best feasibly available data” to identify eligible students and set benefit levels. State agencies used of these flexibilities as outlined in their USDA-approved state plans. Compliance with those plans is the objective of the audit.

Audit Objectives: Confirm that State agencies set benefit levels consistent with the process outlined in their USDA-approved P-EBT plans.

Suggested Audit Procedures

- a. Confirm that the State agency instructed schools and school districts appropriately in order to collect the data necessary to set benefit levels consistent with the terms of the state plan.
- b. Confirm that the State agency properly set benefit levels using the data collected from schools and school districts.
- c. Confirm that the State agency collected updated data from schools or school districts throughout the school year consistent with the terms of the state’s approved plan.

E. Eligibility

1. Eligibility for States

All states, the District of Columbia, the U.S. Virgin Islands, and Guam have been eligible to operate P-EBT Programs since it was passed into law in March 2020. The October 2020 Continuing Appropriations Act, 2021 and Other Extensions Act (P.L 116-159) amended the statute to extend eligibility to Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa. State agencies and territories must submit an application and be approved by USDA to operate a P-EBT Program.

2. Eligibility for participants

The method of determining program eligibility varied based on the population of children, the time frame for which the determination was made, and changes to the statute over time.

For SY 2019-2020, schools were generally closed for in-person learning from early spring through the end of the school year. During this time period, eligible school children were those who would have received free or reduced-price meals, had their schools not been closed or operating with reduced hours for at least five (5) consecutive days due to COVID-19. For SY 2020-2021, many schools taught children at the school site at least part of the time and provide meals to children when they were learning in-person. Therefore, the same eligibility standards apply, but benefits were provided based on the number of days that the child did not receive free or reduced-price meals at the school because the school was closed or operating with reduced attendance or hours.

In accordance with the statute, State agencies could provide P-EBT benefits to children in child care beginning October 1, 2020. To be eligible to participate, a child: 1) must have been a member of a household that received SNAP benefits; 2) must have been enrolled in a covered child care facility (although the statute deems all SNAP-enrolled children under 6 to be enrolled in such a facility); and 3) must have been enrolled in a child care facility that was closed or had reduced attendance or hours, or one or more schools in the area of the child care facility, or in the area of the child's residence, must have been closed or had reduced attendance or hours.

For SY2020-2021, the statute allowed State agencies to propose simplified assumptions that made use of the best feasibly available data to determine that the status of a school or covered child care facility was open, closed, or did operate with a reduced number of days or hours; to identify children eligible for benefits; and to establish benefit levels and eligibility periods.

1. Targeting children eligible for free or reduced price school meal benefits

Compliance Requirements: Eligibility for P-EBT benefits is limited to children who would have received free or reduced price meals at the schools had their schools not been closed or operating with reduced hours for at least five (5) consecutive days due to the COVID health emergency.

The FFCRA allows State agencies to make simplifying assumptions and use best feasibly available data to identify eligible children and set benefit levels. The State agencies' use of these flexibilities is documented in their USDA-approved state plans. The requirement, then, is for states to carry out their plans as approved by USDA. This process may rely on free or reduced price eligibility from the prior school year, a USDA-approved use of "best feasibly available data." Using SY 2019-2020 free and reduced price eligibility data is a common feature of USDA-approved plans. Because most school districts served all school meals for free in SY 2020-2021 under the Summer Food Service Program (SFSP) or the NSLP's Simplified Summer Option (SSO), they did not typically collect or process school meal applications at the start of the school year. As a result, USDA commonly approved the use of SY 2019-2020 free and reduced price eligibility data to identify children eligible for P-EBT in SY 2020-2021.

Audit Objectives: Confirm that State agencies identified the population of children eligible for free or reduced price school meals by application or direct certification, and that the population includes all children enrolled in Community Eligibility Provision schools and schools in operation under 7 CFR 245.9, Provisions 2 or 3.

Suggested Audit Procedures

- a. Confirm that the State agency is following the process described in its approved state plan.
- b. Confirm that the State agency instructed its school districts to remove children on SY 2019-2020 free and reduced price lists who are no longer enrolled in school in SY 2020-2021.

L. Reporting

1. Financial Reporting

Review the Federal Financial Report (FFR) (SF-425/SF-425A) (OMB No. 0348-0061)).

See Part 3.L for audit guidance.

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.