

UNITED STATES DEPARTMENT OF AGRICULTURE

ASSISTANCE LISTING 10.649 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMINISTRATIVE COSTS GRANTS

I. PROGRAM OBJECTIVES

The objective of the State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants is to help defray State costs associated with administering the P-EBT Initiative.

II. PROGRAM PROCEDURES

A. Administration

P-EBT is part of the U.S. government response to the COVID-19 pandemic. The Families First Coronavirus Response Act of 2020 (PL 116–127), as amended by the Continuing Appropriations Act, 2021 and Other Extensions Act (PL 116-159), provides the Secretary of Agriculture authority to approve State agency plans to administer P-EBT. Through P-EBT, eligible school children receive temporary emergency nutrition benefits loaded on EBT cards that are used to purchase food. Children are eligible to receive P-EBT benefits if they were enrolled at a school that participated in the federal School Breakfast Program or National School Lunch Program; were eligible to get free or reduced-price meals for school year 2020-21; and the school was closed or operating with reduced hours or attendance for at least 5 consecutive days. Recent changes in legislation extended the initiative to cover children in child care as well.

B. Federal Grants to SNAP State Agencies for State P-EBT Administrative Costs

Authorization and funding for P-EBT was extended into Fiscal Year (FY) 2021 by Section 4601 of the *Continuing Appropriations Act, 2021 and Other Extensions Act* (P.L. 116-159). In addition to other changes to P-EBT, this legislation provides 100 percent reimbursement for costs incurred by State Supplemental Nutrition Assistance Program (SNAP) and Child Nutrition (CN) agencies for the implementation and administration of P-EBT in FY 2021.

Under this authority (P.L. 116-159), the Food and Nutrition Service (FNS) Agency directed Regional offices to extend new FY 2021 P-EBT Administrative Cost Grant Awards to their respective SNAP State agencies as quickly as possible once a State's PEBT operational plan was approved. As a condition of the grant award, each SNAP State agency was required to enter an applicable funding arrangement, e.g., a subgrant or Memorandum of Understanding (MOU), with the State agency(ies) within their State that operated the CN National School Lunch Program (NSLP). These agreements ensured that the CN State agencies also received funding for all allowable administrative costs associated with the FY 2021 SNAP PEBT Program.

The total grant award amounts provided to each State SNAP Agency were based on the approved State P-EBT Plan, reflecting input from both SNAP and CN State agencies and a more detailed FNS-366(a), Program and Budget Summary, conveying the State agencies administrative cost plan. These grant awards were provided to cover P-EBT administrative costs with a performance period from *October 1, 2020* to *September 30, 2021*.

An initial release of funding, which was based on a formula, occurred when a State agency had an approved P-EBT Plan on file. **Before an initial grant award** was released to a State agency, the regional Grants Management Administrative Services Division (GMASD) must have also provided the following to the National Grants and Fiscal Policy Division:

1. Documentation of joint approval by the regional SNAP Office and GMASD of the SNAP State agencies P-EBT Plan.

Additional funding provided subsequent to the initial funding was not provided to the SNAP State agency until the more detailed FNS-366(a), Program and Budget Summary Template was received, reviewed, and approved.

Further, the enacted FY 2021 Omnibus and COVID Relief and Response Act clarified that these funds may have been sub-awarded to local agencies and cooperators such as local educational agencies and school food authorities. A separate grant award process was used to address local level costs.

C. Background

On November 16, 2020, FNS' SNAP and CN Programs released a joint memo providing guidance to SNAP and CN State agencies to facilitate the development of State Implementation Plans for School Year (SY) 2020-2021. The jointly signed memo, along with the Q&As, advised SNAP and CN State agencies that "prior to USDA releasing the grant for administrative funding, each SNAP State agency will be required to submit a P-EBT Spending Plan using the FNS-366(a) Program and Budget Summary Statement. The release of funds cannot be released to the SNAP State agency's letter-of-credit until this plan is submitted and approved.

On January 27, 2021, FNS Regional offices were directed to make the FY 2021 P-EBT Administrative Cost Grant Awards directly to their respective SNAP State agencies. The 100 percent administrative grant funds were available for all allowable P-EBT administrative costs incurred by the agencies within each State agency that operated the SNAP and the CN NSLP. Thus, as a condition of the grant award, each SNAP State agency was required to enter into the applicable funding arrangement, e.g., a subgrant or MOU, with the State agency(ies) within their State that operated the CN NSLP.

The total grant award amounts provided to each State SNAP agency were based on the approved State P-EBT Plan, reflecting input from both SNAP and CN State agencies and a more detailed FNS-366(a), Program and Budget Summary, Excel Template conveying the State agencies administrative cost plan. These agreements ensured that the CN State agencies also received funding for all allowable administrative costs associated with the FY 2021 P-EBT Initiative. The instructions for the State P-EBT Plan outlined the need for a FNS-366(a), Budget and Program Summary, submission, and provided additional guidance on the FNS-366(a), Excel Template, used in connection with the FY 2021 P-EBT Administrative Cost Grant Awards.

D. State Responsibilities

FY 2021 Administrative Cost Grant Award funding was provided to SNAP State agencies using the FNS-529, Grant/Cooperative Agreement Award Document, with an accompanying terms and conditions document. To receive an *initial* start-up amount, SNAP State agencies were required to:

1. Have an approved State P-EBT Implementation Plan on file with FNS. FNS recognizes that the administrative cost portion of the P-EBT Implementation Plan will be an iterative process and that initial FNS-366(a) submissions may not have contained the level of detail being requested under the FY 2021 Administrative Cost Grants process. Thus, initial funds may have been released based on an approved Plan, with remaining total funds not being released until a more detailed FNS-366(a), Excel Template Spending Plan submission was approved under the Administrative Grant.
2. Sign a FNS-529, Grant and Cooperative Agreement Award Document, with accompanying terms and conditions.

Upon return of the FNS-529, the document was fully executed by obtaining the signature of the Regional Administrator, or as delegated to the GMASDs. Once executed, funds were provided to the SNAP State agency, at FNS discretion, through the SNAP State agency's Letter-of-Credit.

E. Federal Oversight and Compliance Mechanisms

FNS oversees state operations through an organization consisting of headquarters and seven (7) Regional offices. FNS program oversight of these grants included a review of the State agencies detailed FNS-366a, Program and Budget Summary Template. Review of the FNS-366(a) was conducted at both the regional and national office level. This review included a general reasonableness check of the State submission and identified any questions to be asked or revisions to be requested.

The period of performance period associated with these grant awards was October 1, 2020 through September 30, 2021. Funds provided under this award were available for all necessary, allowable and reasonable costs of implementing and administering P-EBT *incurred* during FY 2021. This includes both costs associated with the issuance of FY 2021 benefits as well as costs associated with the issuance of retroactive FY 2020 benefits in FY 2021. Costs for work performed during FY 2020 could not be charged to this grant and must have been charged to the 50% administrative funding made available in FY 2020. Grant funds are only available for allowable costs incurred during the performance period of the award. The performance period of an award cannot begin before its authorization and supporting appropriation are enacted. Consistent with these principles the 100 percent P-EBT administrative grant were limited to costs incurred during FY 2021.

Unallowable costs were those expenses that were 1) not necessary or reasonable for the administration of the FY 2021 P-EBT Program; and 2) expenses already covered under another federal award.

Regular SNAP and CN State Administrative Expense (SAE) funds may not have been used to cover the costs of administering the FY 2021 P-EBT Program.

Source of Governing Requirements

These grants were authorized under, *The Families First Coronavirus Response Act of 2020 (PL 116–127)*, as amended by the *Continuing Appropriations Act, 2021 and Other Extensions Act (PL 116-159)*. This legislation provided the Secretary of Agriculture authority to approve State agency plans to administer P-EBT.

Availability of Other Program Information

Other program information is available from FNS’s site at <https://www.fns.usda.gov/snap/state-guidance-coronavirus-pandemic-ebt-pebt>.

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	Y	N	N	N	N	Y	Y	N	Y	N	N

A. Activities Allowed or Unallowed

Funds provided under this award were available for all necessary, allowable and reasonable costs of implementing and administering P-EBT *incurred* during FY 2021. This included both costs associated with the issuance of FY 2021 benefits as well as costs associated with the issuance of retroactive FY 2020 benefits incurred in FY 2021.

Examples of allowable costs under this grant include, salaries of personnel, outreach, equipment, supplies, support services (to include contracts for staffing or system related work that show clear allocation to the FY 2021 P-EBT Program), or other expenses associated with the administration of the FY 2021 P-EBT program. These examples are not meant to be exhaustive, and other items may be approved, provided they are designed to administer the FY 2021 SNAP P-EBT Program.

Unallowable costs are those expenses that are: 1) are not necessary or reasonable for the administration of the FY 2021 P-EBT Program; and 2) expenses already covered under another federal award.

H. Period of Performance

1. Funds provided under this award were available for all necessary, allowable and reasonable costs of implementing and administering P-EBT incurred during FY 2021. This included both costs associated with the issuance of FY 2021 benefits as well as costs associated with the issuance of retroactive FY 2020 benefits incurred in FY 2021.

I. Procurement and Suspension and Debarment

1. *Systems Development* – States could incur costs related to competitive acquisitions of system changes and/or equipment and services to implement P-EBT. Costs must have been allocable to the administration of P-EBT.

L. Reporting

1. Financial Reporting

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

3. Special Reporting
Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act
See Part 3.L for audit guidance

