



July 1, 2004

**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

Ms. Diane Bottoms, Director
Office of Family Services
Texas Department of Health and Human Services Commission
Post Office Box 149030
1106 Clayton Lane, Suite 325E
Austin, TX 78714-9030

Dear Ms. Bottoms:

I am writing to inform you that as of January 1, 2005, Summer Food Service Program (SFSP) sponsors in your State are eligible to participate in the Simplified Summer Food Program. This program, an expansion of the pilot project that was previously known as the 14-State Lugar Pilot Project, is authorized by the Child Nutrition and WIC Reauthorization Act of 2004.

The reauthorization act, which amends the Richard B. Russell National School Lunch Act (NSLA):

- Establishes simplified cost accounting procedures as a permanent provision,
- Retains the 14 currently participating States,
- Adds six new eligible States through a revised eligibility formula, and
- Expands the program to all SFSP sponsors in eligible States, including private non-profit sponsors.

The Simplified Summer Food Program, like the initial 14-State Lugar Pilot Project, permits sponsors in eligible States to eliminate the operating and administrative cost comparisons required by the SFSP regulations at 7 CFR 225.9(d)(7) and (d)(8). In brief, these simplified procedures allow sponsors to receive the maximum operating and administrative reimbursements based on the number of meals served times the appropriate operating and administrative rates. In addition, sponsors may apply Program reimbursements to cover their combined operating and administrative costs.

SFSP sponsors in the original 14 States listed below that have been participating in the simplified cost accounting procedures may continue to do so to the completion of their SFSP operations in 2004. Beginning in January 2005, private non-profit SFSP sponsors in the following States may also participate in the simplified cost accounting procedures.

- | | |
|---------------|--------------|
| Alaska | Arkansas |
| Idaho | Indiana |
| Iowa | Kansas |
| Kentucky | Nebraska |
| New Hampshire | North Dakota |
| Oklahoma | Puerto Rico |
| Texas | Wyoming |

Beginning in January 2005, all SFSP sponsors in the following additional States may also begin to operate under simplified cost accounting procedures:

Colorado
Michigan
Ohio

Louisiana
Mississippi
Oregon

We must emphasize that sponsors participating in the Simplified Summer Food Program must continue to maintain a nonprofit food service for children, as required by section 13(a)(1) of the NSLA. Benefits to children and the quality of program administration must not be diminished by this reduced burden for sponsors. Even though they will receive administrative and operating reimbursement payments without comparison to actual costs and their administrative budgets, they may only use operating and administrative funds to pay for allowable costs, as defined in the SFSP regulations and applicable FNS instructions. Although sponsors will not be required to report costs, they must maintain records of expenditures in order to document their nonprofit food service.

We want to encourage new State agencies to review their SFSP payment systems to determine if a system or procedural modification will be needed to allow program payments to be made without a comparison to costs for sponsors.

The reauthorization act requires FNS to conduct an evaluation of the Simplified Summer Food Programs and report to Congress by April 30, 2007. We will provide you with information on the data needed to conduct this evaluation at a later date.

If you have any questions about this information, please contact your FNS regional office, including this reference with your questions: Simplified Summer Food Programs – Reauthorization 2004: Implementation Memo SFSP 1.



STANLEY C. GARNETT
Director
Child Nutrition Division