April 1, 2009

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Dr
Alexandria, VA
22302-1500

To: Regional SNAP Program Directors
Regional Financial Management Directors
All Regions

Subject: American Recovery and Reinvestment Act
Clarifications to Administrative Funding and Benefits Questions

Attached are questions and answers in response to issues raised by the States, through various discussions, concerning SNAP provisions of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), which was enacted on February 17, 2009. Please direct any questions to the appropriate contact in the PAAD or FM.

/s/

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/s/

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Attachments

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Supplemental Nutrition Assistance Program (SNAP)
American Recovery and Reinvestment Act of 2009 (ARRA)

Administrative Funds
Questions and Answers

Question 1 What are the restrictions or parameters for expending ARRA funds?

Answer State agencies may spend the ARRA funds on any SNAP allowable administrative cost. See below for more information regarding specific situations.

Question 2 Is there a requirement for an expenditure plan?

Answer There is no requirement for an expenditure plan. However, if the State agency wishes to spend the ARRA funds on a new activity that is covered in a required planning document under 272.2(d) (e.g., Nutrition Education, Employment & Training Plan, etc.) or other activity that requires FNS approval, it must include this planned activity in the Plan or document for FNS approval.

Question 3 Will FNS/Regional Office be required to approve such a plan?

Answer If the activity is listed in a required planning document as referenced in Answer 2, approval through the Regional Office will be needed.

Question 4 What are the tracking requirements?

Answer The ARRA funds come from a separate appropriation. They must be tracked separately from the regular Program. State agencies will have to report the expenditure of ARRA funds on a separate but regular Program SF-269. More details on the reporting will be provided later.

Question 5 What will be the impact on the APD process, particularly as States consider modernization initiatives as potential use of ARRA funds?

Answer ADP development is an activity that requires prior FNS approval, and the Advance Planning Document (APD) is a planning document required for obtaining that approval. States that choose to spend the ARRA funds for ADP development will have to include that in their APD, according to cost threshold requirements.

Question 6 How will States account for costs/efforts already expended to prepare for April 1 implementation?

Answer The expenditure of non-ARRA State administrative funds will be reported on an SF-269 (FS) under the functional area for those expenditures. The use of ARRA funds will be reported separately on a separate Recovery Act SF-269 (FS). More details on the ARRA funds reporting will be provided later.

Question 7 Can a State agency use any part of the ARRA funds to supplant current administrative costs based on rising caseloads in 2009 or is the State agency only allowed to spend this amount for administrative costs related to ARRA?

Answer The State agency may spend the ARRA funds for any allowable SNAP administrative costs. While a State agency may use the current ARRA funds to supplant current administrative costs, it would lose the Federal 50 percent match on the State funds that were supplanted with ARRA funds. If a State agency were to reduce their State funds by replacing the State funds with the ARRA funds, the 50-percent Federal share of the regular SNAP administrative funds will drop as well in dollar-for-dollar terms. The end result would be a drop in overall available administrative funding for the State agency at a time of rising caseloads, resulting in a loss of critical service to clients at a time of greater need or the reduction or delays in other vital program services.

Question 8 Is the State agency to drawdown based on expenditures or may the State agency draw down all the funds all at once?

Answer ARRA funds have been allocated for fiscal year 2009, and made available in the State agency's Letter of Credit for drawdowns. The State agency may drawdown the ARRA funds in the same manner and is subject to the same conditions as with regular SNAP administrative funds to meet immediate SNAP cash disbursement needs.

Question 9 What are the critical dates and timelines for the ARRA funding?

Answer The 2009 ARRA funds have already been made available to State Agencies. Plan changes for FY 2009 should be submitted for FNS review as soon as the State agency is able to do so. Reporting of the expenditures of ARRA funds will be due to FNS 10 days after the end of each quarter beginning July 10, 2009, on a separate Recovery SF-269 (FS) for SNAP.

Question 10 Do State agencies need to submit a budget for the ARRA funds?

Answer No. The ARRA funds do not require a budget (FNS-366A). The ARRA funds for FY 2009 have been allocated and made available in the State agency's Letter of Credit for drawdowns.

Supplemental Nutrition Assistance Program (SNAP)
American Recovery and Reinvestment Act of 2009 (ARRA)

Benefit Funds
Questions and Answers

Question 1 For State agencies that have an FNS-approved SNAP cash-out program or other alternative issuance program funded through the State's Letter of Credit, what additional ARRA funds are available and how will they receive them?

Answer FNS-approved cash-out benefits or other alternative issuance projects will be increased as well beginning in April to include the ARRA benefit increase. Accordingly, increased benefits will be made available to the State agency in the Letter of Credit for April through September period beginning April 1.

Question 2 Will State agencies have to do anything special to receive the ARRA benefit funds for their FNS-approved cash-out or alternative issuance project?

Answer No, FNS currently funds these projects and has added the additional funding which will be available April 1, 2009 to cover the ARRA benefits for these projects.

Question 3 State agencies issuing FNS-approved cash-out benefits currently report those expenditures on an SF-269 Addendum under a column for Program Benefits. Will a separate Recovery SF-269 Addendum be required to report the ARRA benefits for these cash-out projects or may it be reported on the regular program SF-269 Addendum?

Answer FNS is not requiring separate reporting for the reporting of ARRA benefits, including benefits in FNS-approved cash-out projects and the group residential housing project in Minnesota. Based on the drawdowns (see answers to questions 4 and 5 below), FNS can derive the ARRA benefits from the total benefits for these projects. Consequently, the ARRA benefits in cash-out projects and the group residential housing project in Minnesota are each to be reported on the respective project's SF-269 Addendum.

Question 4 How are State agencies to drawdown the benefits for FNS-approved SSI/elderly cash-out benefits along with the ARRA benefits?

Answer: Beginning April 1, 2009, there will be two letters of credit from which to drawdown FNS-approved SSI/Elderly cash-out benefits – one for regular benefit funds and another for ARRA benefit funds. Every time the State

agency makes an SSI/Elderly cash-out issuance drawdown, 19.33 percent of the total benefit must come from the ARRA Letter of Credit, and 80.67 percent of the total benefit must be drawn from the cash-out regular benefit Letter of Credit. In this way the State agency will be drawing the benefits for FY 2009 in a predetermined proportion that represents the share of total benefits issued from each funding source.

Question 5 How is the Minnesota State agency to drawdown the benefits for FNS-approved group residential housing benefits in Minnesota along with the ARRA benefits?

Answer: Beginning April 1, 2009, there will be two letters of credit from which to drawdown FNS-approved GRH benefits – one for regular benefit funds and another for ARRA benefit funds. Every time the State agency makes a GRH issuance drawdown, 18.68 percent of the total benefit must come from the ARRA Letter of Credit, and 81.32 percent of the total benefit must be drawn from the GRH regular benefit Letter of Credit. In this way the State agency will be drawing the benefits for FY 2009 in a predetermined proportion that represents the share of total benefits issued from each funding source.

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