



Food and
Nutrition
Service

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DATE: February 17, 2023

MEMO CODE: SP 04-2023, CACFP 04-2023

SUBJECT: Fiscal Year (FY) 2023 Reallocation of State Administrative Expense (SAE) Funds in Child Nutrition Programs

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors State Directors
Child Nutrition Programs Food Distribution Programs
All States All States

Issuing Agency/Office:	FNS/Child Nutrition Programs
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Summary:	This memorandum provides the information needed to conduct the FY 2023 reallocation of State Administrative Expense (SAE) funds. Reallocation is a formal process by which State agencies can: (1) request additional SAE funds above their initial authorized funding level; or (2) return SAE funds they do not need. All State agencies must submit an SAE Funds Reallocation Report (FNS-525) to their respective USDA Food and Nutrition Service (FNS) Regional office by March 20, 2023, even if the State agency is neither requesting nor returning funds.
Disclaimer:	

This memorandum provides the information needed to conduct the FY 2023 reallocation of SAE funds in the Child Nutrition Programs (CNP). Reallocation is a formal process by which State agencies can: (1) request additional SAE funds above their initial authorized funding level; or (2) return SAE funds they do not need. Please be reminded that a number of updates to the carryover and reallocation of SAE funding went into

effect in FY 2020. For additional information, refer to policy memo SP-09-2020, CACFP-04-2020, [Updated Instructions for the Recovery and Reallocation of State Administrative Expense \(SAE\) Funds in Child Nutrition Programs.](#)

FNS-525 and Reallocation Request

State agencies must use the [SAE Funds Reallocation Report \(FNS-525\)](#) to report SAE funds to be returned, carryover amounts and to request reallocation funding. All State agencies must submit an FNS-525 to their respective USDA Food and Nutrition Service (FNS) Regional office, even if the State agency is neither requesting nor returning funds.

State agencies may request SAE reallocation funds for any allowable expense associated with the administration of the CNPs, including related Food Distribution Programs, as described under 7 CFR 235.6. In FY 2023, FNS expects the amount available for reallocation to be lower than in previous years. As such, FNS encourages States to prioritize funding requests that would support the administration of and efficiency improvements in Food Distribution Programs for the National School Lunch Program, as well as those that enhance the integrity of the Child Nutrition Programs.

FNS requests that no later than **March 20, 2023**, State agencies submit FNS-525s and requests for SAE reallocation funds to their respective FNS Regional office.

Carryover

State agencies must ensure that the *total* amount of SAE funds (initial allocation *plus* reallocation and transfers for States receiving, or *minus* transfers in the case of those transferring out) carried over into FY 2024 does not exceed an amount equivalent to 20 percent of the total amount of all SAE allocations received in FY 2023.

State SAE Plans

The State's SAE Plan must reflect an estimate of the planned use of SAE funds through the end of FY 2023. An amendment to the SAE Plan must be made and approved by the Regional office for any substantive changes in planned activities or planned expenditures on activities as a result of receiving SAE reallocation funds. If SAE reallocation funds are used for Summer Food Service Program purposes, the associated management and administration plan (MAP) may also need to be amended accordingly [7 CFR 225.4].

SAE Recovery

FNS will recover SAE funds from any State agency that fails to expend the approved amount of the SAE funds by the end of the grant period.

Below is a table of key dates associated with the reallocation process:

March 20, 2023	State agencies submit SAE reallocation requests and FNS-525s to Regional offices.
April 28, 2023	FNS notifies SA of SAE reallocation results.
Sept 30, 2023	End of first year of FY 2023 SAE funds grant period. State agencies are allowed to carry over an unobligated amount no greater than 20 percent of the <u>total</u> FY 2023 SAE funds allocation into FY 2024 (initial allocation plus reallocation and plus or minus transfers).
Sept 30, 2023	End of FY 2023 SAE reallocation funds grant period. All SAE reallocation funds awarded in FY 2023 must be obligated <u>and</u> expended.

State agencies with questions should contact the appropriate FNS Regional office.

/s/ original signature on file

Jessica Saracino
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachment

1. FNS 525 Form