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Title 7: Agriculture

PART 277—PAYMENTS OF CERTAIN ADMINISTRATIVE COSTS OF STATE AGENCIES

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§ 277.11 Financial reporting requirements.

(a) *General.* This section prescribes requirements for the State agencies to report financial information to FNS.

(b) *Authorized forms and instructions.* (1) Only forms specified by this part, or other forms authorized by FNS, may be used for obtaining financial information from State agencies for the program.

(2) All instructions for use in connection with the form specified in §277.11(c) shall be followed. FNS may prescribe supplementary instructions.

(3) State agencies shall submit the original and two copies of forms required by this section unless FNS approves a waiver of this requirement.

(4) The forms and instructions in this part shall be available to the State agency and to the public upon request to FNS Regional Offices as set out in §271.6(b).

(c) *Financial status report* —(1) *Form.* State agencies shall use the standard Financial Status Report (Form SF-269) to report program costs.

(2) *Frequency.* The report (Form SF-269) shall be required quarterly.

(3) *Exceptions.* Those State agencies that receive payments under the U.S. Treasury check system shall submit to FNS a Quarterly Report of Federal Cash Transactions (Form SF-272).

(4) *Due dates.* Quarterly reports shall be due April 30 (for the period January through March), July 30 (April through June), October 30 (July through September), January 30 (October through December). Final reports are due December 30 for all completed Federal fiscal years (October 1 through September 30) or 90 days after termination of Federal financial support. Requests from State agencies for extension of reporting due dates may be approved, if necessary.

(d) *Time limit for State agencies to file claims.* (1) After the deadline in paragraph (c)(4) of this section for the final SF-269 report, State agencies shall use the form specified by FNS as needed within three years of the end of the Federal fiscal year to amend a prior expenditure report pertaining to such Federal fiscal year. The three-year reporting deadline may be extended by FNS if litigation, an audit, or a claim is unresolved at the end of the three-year period. The reporting form shall be used to amend prior expenditure reports, and to request reimbursement for any additional funding due, or to pay back to FNS any inadvertent prior overclaim. Requests for reimbursement will only be honored if the claim is filed within the timeframe in paragraph (d)(2) of this section. FNS reserves the right to bill State agencies for amounts due FNS resulting from an overclaim, even if no reporting form has been submitted.

(2) Subject to the availability of funds from the appropriation for the year in which the expenditure was incurred, FNS may reimburse State agencies for an allowable expenditure only if the State agency files a claim with FNS for that expenditure within two years after the calendar quarter in which the State

agency (or local agency) incurred the cost. FNS will consider non-cash expenditures such as depreciation to have been made in the quarter the expenditure was recorded in the accounting records of the State agency in accordance with generally accepted accounting principles.

(3) For Automated Data Processing (ADP) expenditures approved under §277.18(c), subject to the availability of funds and required FNS approval related to the Advance Planning Document, FNS may reimburse State agencies for allowable expenditures at the appropriate rate in effect at the time the equipment or service was received only if the State agency files for a claim with FNS within two years after the calendar quarter in which the cost was incurred. FNS will consider non-cash expenditures such as depreciation to have been made in the quarter the expenditure was recorded in the accounting records of the State agency in accordance with generally accepted accounting principles.

(4) States wishing to request an extension of the deadline in paragraphs (d)(2) and (d)(3) of this section must submit the request in writing to FNS prior to the applicable deadline. The State agency's request for an extension must include a specific explanation, justification, and documentation of why the claim will be late and when the claim will be filed.

(5) The time limits in paragraphs (d)(2) and (d)(3) of this section will not apply to any of the following:

(i) Any claim for an adjustment to prior year costs previously claimed under an interim rate concept;

(ii) Any claim arising from an audit exception as defined in this section. An audit exception means a proposed adjustment by the Department to any expenditure claimed by a State agency by virtue of a Federal- or State-initiated audit. The audit must comply with the requirements of §277.17 and 7 CFR part 3015, and must have been started within 3 years of the date of submission of the final SF-269 of the relevant Federal fiscal year to which it applies.

(iii) Any claim resulting from a court-ordered retroactive payment. However, this provision does not bind FNS to a State or Federal court decision when FNS was not a party to the action;

(iv) Any claim for which FNS determines there was good cause for the State agency's not filing it within the time limit. Good cause is lateness due to circumstances beyond the State agency's control such as Acts of God or documented action or inaction of the Federal Government. It does not include neglect or administrative inadequacy on the part of the State, State agency, legislature, or any of their offices or employees.

[Amdt. 188, 45 FR 85702, Dec. 30, 1980, as amended by Amdt. 385, 65 FR 33440, May 24, 2000]

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FEB 23 2009

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

SUBJECT: SNAP Provisions of the American Recovery and Reinvestment Act of 2009

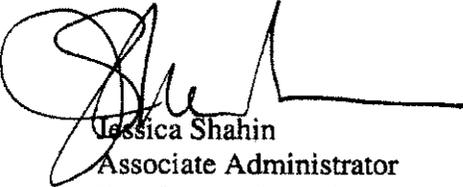
TO: Regional Administrators
Food and Nutrition Service

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009. Attached is an implementation memorandum describing the Supplemental Nutrition Assistance Program (SNAP) provisions of that Act. Please forward the attached memorandum to your State commissioners.

Please provide this office with a progress report by State concerning the implementation of these provisions.

If you have any questions, please contact the appropriate person from the list below:

Contact	Telephone Number	Stimulus Provision
Sandra Clark	703.305.2495	Sec. 101 (a) and (b)(1)&(2), (e)
Jane Duffield	703.605.4385	Sec. 101(c)
Dan Wilusz	703.305.2460	Sec. 101(b)(3),(5),
John Knaus	703.305.2498	Sec. 101(a)(1)&(2) as regards Puerto Rico and American Samoa Block Grant



Jessica Shahin
Associate Administrator
Supplemental Nutrition Assistance Program

Attachment

The American Recovery and Reinvestment Act of 2009 (herein referred to as the ARRA or Act) was recently signed into law. The Act contains changes that raise SNAP benefit levels, and affect the status of Able Bodied Adults Without Dependents (ABAWDs), the computation of client overissuance claims and work requirements, and the allocation of new administrative funding.

In addition to the above, the Act establishes a hold harmless in the implementation of its provisions, and established a \$50 tolerance level for purposes of a Quality Control error determination for the period that the benefit increases under the Act are in effect.

In the coming weeks, additional details will be forthcoming.

A. Provisions that must be implemented on April 1, 2009

Section 101 (a) and (b) Maximum Benefit Increase – FFY 2009

This provision provides that benefits under the Supplemental Nutrition Assistance Program (SNAP) will be calculated using 113.6 percent of the June 2008 value of the Thrifty Food Plan (TFP) effective for the April 2009 issuance for the remainder of Federal Fiscal Year (FY) 2009. In addition, effective April 1, 2009, consistent with Section 8(a) of the Food and Nutrition Act of 2008, the minimum one and two person household allotment will be adjusted. FNS will provide States with the April adjusted allotment tables as well as the appropriate minimum household allotment amounts under separate cover. These higher benefit levels will not be reduced in future Federal Fiscal Years.

The ARRA authorizes States to handle the above changes as mass changes per the provisions of SNAP regulations at 7 CFR 273.12(e).

Section 101(b)(3) Maximum Benefit Increase – Quality Control

The QC variance exclusion will begin on the date of implementation, starting no earlier than April 1, 2009, and continue, for errors related to implementation of the adjusted benefit levels, through September 30, 2009. Any variances resulting from mistakes in the amount of benefits authorized for a household resulting from the application of the adjusted benefit levels will be excluded for cases with review dates between April 1, and September 30, 2009. If the State implements the new allotment levels based on the Thrifty Food Plan adjustments after April 1, 2009, it will only receive the variance exclusion from the date of implementation.

Section 101(b)(4) Requirements for the Secretary – Client Overissuance Claims

Benefits overissued as a result of implementing the adjusted benefit levels must be excluded when calculating the amount of a claim against a household. This exclusion will be in effect from April 1, 2009, through September 30, 2009. The Department is considering the applicability of this provision in the out years.

Section 101(b)(5) Requirements for the Secretary – Quality Control

The \$25 tolerance level in 7 CFR 275.12(f)(2) shall be raised to \$50 beginning April 1, 2009, and continue through September 30, 2009.

Section 101(c) Administrative Expenses

Within 60 days of enactment of the Act, FNS will allocate a portion of \$145 million to the State agencies for fiscal year (FY) 2009. A second allocation of a portion of \$150 million will be made for FY 2010. FNS has been allocated \$4.5 million in total from the above funds for management and oversight activities as well as for monitoring and evaluating the effects of the adjusted benefits. The funds are to be used for State administrative costs associated with carrying out the change in benefits required by the ARRA and for administering SNAP. As required by the ARRA, 75 percent of the amount available for each fiscal year will be allocated to States based on each State's respective share of households that participate in SNAP for the most recent 12 month period for which data are available to FNS. These allocations will be adjusted for participation in disaster SNAP programs as specified by the ARRA. The remaining 25 percent will be allocated to States based on the increase in the number of households that participate over the most recent 12 month period for which data are available, and adjusted for participation in disaster programs. Specific State amounts will be provided under separate cover.

State agencies will need to track the ARRA's administrative expenditures separately. Unless implementing guidance from the Office of Management and Budget necessitates other reporting procedures, State agencies should be prepared to report the ARRA expenditures in the "Unspecified Portion of Other" column on the SF-269 (FS) for SNAP and also report the cumulative ARRA expenditures for the fiscal year in the Remarks Block. This will allow FNS to monitor State administrative costs and the expenditure of the ARRA State administration grant.

Section 101(a)(1) – Consolidated Block Grants for Puerto Rico and American Samoa

Section 101(a)(1) of the ARRA also requires that the block grants in Puerto Rico and American Samoa be calculated using 113.6 percent of the June 2008 value of the TFP for fiscal year (FY) 2009. For FY 2010 and beyond the block grants will not be reduced below the level in effect for FY 2009. FNS will work with the commonwealth to approve its revised plan and ensure that it is implemented by April 1, 2009. American Samoa must revise its memorandum of understanding (MOU) for the Nutrition Assistance Program and submit it to FNS for approval to allow for implementation by April 1, 2009.

Section 101(e) - Treatment of Jobless Workers

Beginning April 1, 2009, and extending through FY 2010, Able Bodied Adults Without Dependents (ABAWDs) SNAP benefits shall not be limited under Section 6(o)(2) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(o)(2)) unless an individual does not comply with the requirements of a program offered by the State agency that meets the standards of subparagraphs (B) or (C) which require that recipients :

“(B) participate in and comply with the requirements of a work program for 20 hours or more per week, as determined by the State agency;

(C) participate in and comply with the requirements of a program under section 20 or a comparable program established by a State or political subdivision of a State”

States may continue to disqualify individuals from SNAP on the basis of their failure to comply with an Employment and Training Program. However, no one may be disqualified on the basis of the time limit unless the State chooses to make a work assignment available that meets the above requirements. For this purpose, there is no need to track ABAWDs, use exemptions, or request waivers until October 1, 2010.

Section 101(e)(1) - Treatment of Jobless Workers – Quality Control

The QC variance exclusion will begin on the date of implementation, starting no earlier than April 1, 2009, and continue through September 30, 2010. Any variances resulting from improperly disqualifying ABAWDs because they received 3 months of benefits in a 36-month period will be excluded for cases between April 1, 2009, and September 30. If the State implements Section 101(e)(1) after April 1, 2009, it will only receive the variance exclusion from the date of implementation.

B. Provisions that must be implemented subsequent to April 1, 2009

Section 101(a)(1) and (2) – Maximum Benefit Increases for FY 2010 and Later

The benefit levels for FY 2010 and subsequent years will be based on the greater of 113.6 percent of the value of the TFP in June of 2008 and the value of the TFP in June of 2009.

Section 101(e)(2) – Treatment of Jobless Workers

Beginning on October 1, 2010, for the purposes of Section 6(o) of the Food and Nutrition Act of 2008 State agencies shall disregard any period during which an individual received benefits under the SNAP prior to October 1, 2010. The affect of this provision will be to clear all ABAWD time limits due to the 3 in 36 rule and begin anew.



United States
Department of
Agriculture

Food and
Nutrition
Service

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AUG 17 2009

SUBJECT: American Recovery and Reinvestment Act (ARRA) Funding

TO: Regional Administrators

We appreciate your continued efforts in the management and oversight of the fiscal year (FY) 2009 ARRA Supplemental Nutrition Assistance Program (SNAP) funding. Please note that as we review where the Food and Nutrition Service stands with regard to the expenditure of these resources, a majority of the funding has been obligated by the agency but not yet expended by our State partners. This includes the ARRA funding tied to State Administrative Expenses (SAE), Nutrition Assistance for Puerto Rico (NAP), American Samoa, and the Food Distribution Program on Indian Reservations (FDPIR).

Please ensure that all efforts are made to properly obligate and expend the ARRA funds before the close of the current fiscal year of September 30, 2009. We encourage you to contact your partners to make sure that they are aware of the need to move forward on these funds as quickly as possible. Of particular concern are the FY 2009 ARRA SNAP funds which were provided to each State earlier this year for State Administrative Expenses (SAE). These particular funds are only available to States for the current fiscal year and must outlay within 90 days of the end of FY 2009 reporting period. Remaining ARRA SAE funds not expended will be recovered from the States. These funds will not be available to supplement the FY 2010 ARRA SAE grants provided for in the Act. If you have any questions regarding the availability of these funds, please contact Financial Management and/or SNAP.

Thank you for your attention in this matter.

E. Enrique Gomez
Associate Administrator
Management, Technology and Finance

Jessica Shahin
Associate Administrator
Supplemental Nutrition Assistance
Program

Attachment

CC: FMD's, Budget

Attachment

ARRA SNAP SAE SPENDING RATE THROUGH AUGUST 10, 2009

State	State SAE Allocation	LOC Draws (Federal Outlays)	% Draws to Allocation
Alabama	2,542,061	2,542,061	100.00%
Alaska	230,832		0.00%
Arizona	3,363,269	3,363,269	100.00%
Arkansas	1,411,488	792,000	56.11%
California	10,795,187		0.00%
Colorado	1,216,831	290,850	23.90%
Connecticut	1,259,349	330,259	26.22%
Delaware	378,653		0.00%
District of Columbia	525,746	100,001	19.02%
Florida	10,135,495	2,779,830	27.43%
Georgia	5,159,725		0.00%
Guam	86,577		0.00%
Hawaii	548,627		0.00%
Idaho	531,740	202,000	37.99%
Illinois	6,033,325	1,400,000	23.20%
Indiana	3,049,374		0.00%
Iowa	1,328,220	2,960	0.22%
Kansas	849,728	160,000	18.83%
Kentucky	2,853,925	1,914	0.07%
Louisiana	2,667,130		0.00%
Maine	914,235	222,016	24.28%
Maryland	2,067,236		0.00%
Massachusetts	3,326,983	222,367	6.68%
Michigan	6,186,774	338,450	5.47%
Minnesota	1,386,639	276,260	19.92%
Mississippi	1,888,541	52,116	2.76%
Missouri	3,240,639	2,532,720	78.15%
Montana	333,481	45,764	13.72%
Nebraska	444,592		0.00%
Nevada	869,322	406,000	46.70%
New Hampshire	351,941		0.00%
New Jersey	2,235,452	285,686	12.78%
New Mexico	1,110,432		0.00%
New York	12,138,141	12,127,423	99.91%
North Carolina	4,614,677	1,579,348	34.22%
North Dakota	204,747	1,935	0.95%
Ohio	5,517,986	3,062,524	55.50%
Oklahoma	1,648,876		0.00%
Oregon	2,800,321	2,800,321	100.00%
Pennsylvania	5,645,658		0.00%
Rhode Island	471,124		0.00%
South Carolina	2,857,895	600,000	20.99%
South Dakota	260,714		0.00%
Tennessee	4,464,476	780,284	17.48%
Texas	13,843,316		0.00%
Utah	686,090		0.00%
Vermont	304,074		0.00%
Virgin Islands	51,741		0.00%
Virginia	2,617,061		0.00%
Washington	3,424,353	3,424,353	100.00%
West Virginia	1,223,068		0.00%
Wisconsin	2,313,028		0.00%
Wyoming	89,105		0.00%
Total	144,500,000	40,722,710	28.18%

October 23, 2009

Subject: State Reporting of Supplemental Nutrition Assistance Program (SNAP)
Benefits Funding in Connection With A-133 Single Audits

To: Regional Administrators
All Regions

This memorandum provides guidance on reporting expenditures of SNAP benefits funds in order to comply with reporting requirements of Office of Management and Budget (OMB) Circular A-133 and OMB guidance implementing the American Recovery and Reinvestment Act of 2009 (ARRA).

Background

1. Unlike other FNS programs receiving ARRA funding, SNAP benefits generally do not pass through the hands of State administering agencies. They are normally handled by the State's electronic benefits transfer (EBT) processor. Nevertheless, these funds must be viewed as Federal assistance awards to States because:
 - a. A State agency administering SNAP is responsible to FNS for the performance of its EBT processor, regardless of whether SNAP benefits funds actually pass through the State treasury; and
 - b. Authoritative sources require it. Specifically:
 - (i) The Federal cost principles require that a cost be determined in accordance with Generally Accepted Accounting Principles (GAAP) in order to be allowed as a charge to a Federal program. (2 CFR Part 225 (OMB Circular A-87), Appendix A, section C.1.g.)
 - (ii) GAAP calls for a State to recognize expenditures of Federal SNAP benefits funds in its financial statements when participating households use the benefits. (Governmental Accounting Standards Board (GASB) Statement 24 (*Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*), June 1994, paragraph 6)

As a Federal assistance award, the expenditure of SNAP benefits funding must be reported in a State's Schedule of Expenditures of Federal Awards (SEFA) and in Item 9 of Part III on its Data Collection Form for Single Audits (SF-SAC). This reporting is required by OMB Circular A-133, codified by USDA at 7 CFR Part 3052. The specific requirements are cited at 7 CFR sections 3052.310(b) and 3052.320(b), respectively.

2. OMB implementing guidance at 2 CFR section 176.210(a) requires all recipients of ARRA funds to separately identify these funds throughout the grant cycle in order to “maximize the transparency and accountability of funds authorized under the [ARRA].” For recipients of incremental ARRA funds for existing programs, this entails maintaining separate accountability for the programs’ regular and ARRA components from receipt of the award through expenditure and final reporting.
3. Section 176.210(b) of the OMB guidance requires recipients subject to the Single Audit Act Amendments of 1996 and OMB Circular A-133 to “separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133.... This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix ‘ARRA-’ in identifying the name of the Federal program on the SEFA and as the first characters in Item 9 of Part III on the SF-SAC.”
4. It has come to our attention that the FNS mechanism for disbursing SNAP benefits funding to States poses a systemic obstacle to States complying with these reporting requirements. FNS uses an algorithm to determine national aggregate Federal expenditures of regular and ARRA funds for SNAP benefits. Because this methodology would not generate valid results at the individual State level, however, SNAP benefits funding is made available to a State in a single lump sum. The State has no idea of the lump sum’s regular and ARRA components.

Guidance

A State shall report its total (lump sum) expenditures for SNAP benefits in the body of the SEFA and in Part III, Item 9 (Federal Awards Expended During the Fiscal Year) of the SF-SAC; and shall include the following statement as a Note to the SEFA:

“The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP)(CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The mechanism used by USDA to make these funds available to States does not enable a State to validly disaggregate the regular and Recovery Act components of this figure. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2009.”

This note will require updating when the algorithm is run for Fiscal Year (FY) 2010. We will furnish the updated national aggregate ARRA percentage in time for States to use it in their FY 2010 SEFAs.

Please ensure that this memorandum is shared with your SNAP and Financial Management staffs, SNAP State partners, their auditors, your OIG contacts, and any other interested parties.

Please direct inquiries on this matter to Lael Lubing, Director, Grants and Fiscal Policy Division, at (703) 305-2161 or lael.lubing@fns.usda.gov.

/S/

E. Enrique Gomez
Associate Administrator
Management, Technology and Finance

/S/

Jessica Shahin
Associate Administrator
Supplemental Nutrition Assistance Program