

LFS Questions & Answers

This document contains Q&A's from the USDA as of 3/28/2023 and ISBE as of 8/9/2023. Only select USDA Q&A's that apply to most SFAs in IL are listed below. For a full list of USDA Q&A's click [here](#).

Allowable Expenses

Q. What are allowable expenses of LFS funds?

A. Allowable expenses include local or regional foods that are unprocessed or minimally processed. Additionally, direct expenses related to the storage and distribution of the food are allowable and should be included in the total cost of the allowable food items.

Q. Can LFS funds be used for direct or indirect costs associated with administering the program?

A. No. SFAs may not use the LFS funds to pay direct or indirect costs associated with developing or administering the program.

Funds may be used to cover the costs of storage and distribution of agricultural products to schools, however, the expectation of this program is for SFAs to spend awarded funds on food purchases.

Q. Can sponsors use this funding to hire new staff or give existing staff raises?

A. No. The funding can only be used to purchase unprocessed or minimally processed food and any storage and distribution fees associated with that item.

Q) What is the definition of “local and regional food” for this program?

A) Local and regional food is raised, produced, aggregated, stored, processed, and distributed in the locality or region where the final product is marketed to consumers, so that the total distance that the product travels between the farm or ranch where the product originates and the point of sale to the end consumer is at most 400 miles, or both the final market and the origin of the product are within the same State or territory. Food must also meet the requirements of the definition of “domestic food” in the [Request for Applications](#) (please note this Request for Applications is for State Agencies to apply for LFS funding, it is not for SFAs to apply – this link is just for reference to the definition of domestic food”).

For Illinois, in summary, the food must be raised, produced, aggregated, stored, processed and distributed in Illinois or if any steps in the process of the food getting to your school go outside of the state of Illinois, it can go no further than 400 miles from your school.

Q) Can you clarify what foods are considered “unprocessed or minimally processed”?

A) Examples of allowable food products include fruits and vegetables (including 100% juices); grain products such as pastas and rice; meats (whole, pieces, or food items such as ground meats); meat alternates such as beans or legumes, and pasteurized fluid milk and other dairy foods such as cheese and yogurt. Foods in a wide variety of minimal processing states (e.g., whole, cut, pureed, etc.) and/or forms (e.g., fresh, frozen, canned, dried, etc.) are also allowable.

Foods that are generally understood to be significantly processed or prepared are unallowable. Examples of unallowable products would include baked goods such as breads, muffins, or crackers;

prepackaged sandwiches or meals; other prepared and/or pre-cooked items that come ready-to-eat or that require no further preparation beyond heating (eg. chicken nuggets, fish sticks, pre-made pizzas, etc).

Purchasing Local Foods and Food Safety

Q. Who can SFAs purchase allowable food from using LFS funds?

A. Eligible beneficiaries of purchases include those involved in the production and distribution of local domestic food. Contracts should be awarded to farmers, producers, processors, or distributors of local domestic product that meet the definition of a local or regional producer.

Local or regional producers are farmers, ranchers, producer, processors or distributors and other businesses involved in food production or distribution that are located in the state or within 400 miles of the delivery destination. To be considered “local or regional”, the producer or supplier headquarters must be in the same state or within 400 miles of the delivery destination.

Q: Can I buy meat from a local meat and/or poultry processor with LFS funds?

A: Maybe. Per the USDA Guidance, meat and poultry must be processed in a USDA inspected facility or in a State Meat and Poultry Inspection (MPI) program facility that is considered “at least equal to” Federal inspection programs. The State of Illinois is 1 of 27 States that do have approved MPI programs, which includes facilities with Type 1 licenses.

Q. May SFAs use emergency procurement protocols to achieve their purchasing goals?

A. As with all Child Nutrition Program purchases, SFAs are required to follow all federal, State, and local procurement requirements and regulations. As a reminder, federal regulations at 2 CFR 200 include the provision to allow the utilization of emergency noncompetitive procurements during a public emergency.

Nearly 90% of SFAs in Illinois are receiving less than \$10,000, which would allow them to use the micropurchase procurement method and some SFAs receiving over \$10,000 may meet other criteria that makes it allowable to also use the micropurchase method. View the [Procurement Flowchart](#) to help you determine what procurement method you would be required to use.

Q. Are producers required to have Good Agricultural Practices (GAP) certification in order to sell to schools?

A. There is no federal requirement for producers to have GAP certification in order to sell to schools, although some schools, counties or intermediators (ex. Food Hubs, Agricultural Cooperatives and Distributors) may choose to require it. SFAs must ensure that food safety requirements are met. SFAs should contact their local county health department to inquire about the food safety requirements in their county.

Q) The RFA says that purchases must target socially disadvantaged farmers and producers and small businesses. Can you expand more on what is meant by socially disadvantaged producers? Are purchases limited to those producers or is this just a target?

A). For the purpose of this program, “socially disadvantaged” is a farmer or rancher who is a member of a Socially Disadvantaged Group. A Socially Disadvantaged Group is a group whose members have been subject to discrimination on the basis of race, color, national origin, age, disability, and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program.

While purchasing from socially disadvantaged farmers and ranchers and small businesses is not a requirement, it is a target. SFAs should take reasonable steps to purchase from socially disadvantaged farmers and producers and small businesses.

Q: Is it required that states target purchases from farmers and producers who are both socially disadvantaged and small businesses, or just one or the other?

A: States should indicate in their proposals the steps they will take to target both populations. The farmers and producers targeted can be either socially disadvantaged, a small business, or both.

Illinois’ proposal included targeting both socially disadvantaged farmers and small businesses. Note that this is a target and not a requirement. SFAs should make reasonable attempts to purchase local foods that meet LFS requirements from socially disadvantaged farmers and/or small businesses.

Q: How do we determine if a company is a small business or not? Is there a certification process?

A: Small business is defined in the RFA Section 1.1.1. States will determine which businesses are considered small businesses based on this definition. There is no required certification or validation process. There are multiple resources to assist with identifying small businesses. Applicants may wish to consult the Small Business Administration website at www.sba.gov for more information or consult with small business resources within their states or territories.

Q). Does all food purchased need to be distributed to schools?

A) Yes. Food purchased through the cooperative agreement program must be distributed to schools that participate in the National School Lunch Program (NSLP) or School Breakfast Program (SBP) and must be served as part of the reimbursable NSLP and/or SBP meal.

Note: if your SFA has some schools in NSLP and/or SBP and some schools not in NSLP/SBP, only the schools in NSLP/SBP are eligible for foods purchased with LFS funds.

Q: Can subawards be made to school districts or schools to carry out purchases?

A: Yes. Subawards are allowable. If the state chooses to subaward, all program requirements would flow down to subrecipients. The state agency holding the agreement would be responsible for monitoring of subawards to ensure that program requirements are met.

Illinois has chosen to subaward to SFAs. Therefore, all LFS requirements must be followed by SFAs and the State Agency will be responsible for monitoring the SFAs.

Q. What procurement rules apply to States and subawards made to SFAs?

A. The procurement regulations are outlined in [Part 200 of Title 2 of the U.S. Code of Federal Regulations](#) titled, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for

Federal Awards. State and local rules may be more restrictive than Federal policies or may provide specific support for local sourcing. States, SFAs, and any subrecipients must follow all applicable Federal, State, and local procurement rules.

Q: Can I buy honey, maple syrup or local grains with LFS funds?

A: Yes, honey, maple syrup and grains that meet LFS requirements are eligible for LFS funding.

Q. Can I purchase local tofu?

A. Yes. Tofu that meets the definition of local is an allowable food product that is minimally processed.

Finances

Q. Which accounting codes should sponsors track grant activity under?

A. Sponsors will use specific grant code 4185 to track revenues for this grant. It is recommended to use the expense code 0639 to isolate local food purchases specific to this grant. These accounting codes are only applicable to public schools.

Federal Child Nutrition Programs	CFDA#	Grant/Project	Source Code
Local Food for Schools (LFS) Cooperative	10.185	4185	4000

Supplanting

Q. How do sponsors factor this program into other program costs?

A. LFS funding cannot supplant food costs within the National School Lunch Program, rather, it is an additional reimbursement to the Federal and State reimbursement received for serving a reimbursable meal. LFS funding is meant to allow sponsors to spend more money per meal to support local procurement. For example, the funding may allow a sponsor to procure and serve local beef that is more expensive than the traditional reimbursement rates would allow or may expand current local beef purchases.

For example: if a SFA purchases local beef to serve one time per month, they could expand the purchasing of local beef to two times per month with the LFS funds. The LFS funds could pay for the beef purchased for the additional serving day each month.

Serving of LFS Foods

Q. What programs can LFS funds NOT be used for?

A. LFS funds may not be used for the Special Milk Program, After School Snack Program, Fresh Fruit and Vegetable Program (FFVP), Seamless Summer Option (SSO), Summer Food Service Program (SFSP), or

Child and Adult Care Food Program (CACFP). The food purchased with LFS funds must be used as part of a reimbursable lunch (NSLP) and/or breakfast (SBP).

SFAs that Contract for Meals (FSMC, Vended Meals, School to School Agreements)

Q. How can SFAs operating with a Food Service Management Company (FSMC) or a meal vendor use LFS funds?

A. LFS funds are sub awarded directly to the SFA and must be used by the SFA to purchase unprocessed or minimally processed domestic and local food from eligible beneficiaries.

Eligible beneficiaries of purchases include those involved in the production and distribution of local domestic food. If the FSMC/Vended Meals provider sources the local food for the SFA, the SFA must receive the invoice from farmer/rancher/distributor. The SFA may either pay the farmer/rancher/distributor directly or if the FSMC/Vendor pays the invoice the SFA may pay the FSMC/Vendor but still MUST have a copy of the original invoice for their LFS foods.

Keep in mind that the only allowable costs are the direct costs of the food, direct costs of storage and direct costs for delivery/transportation. Administrative fees or sourcing fees are not an allowable expense of the LFS funds. SFAs may work with their FSMC to discuss applicable credits.

Another option is that SFAs that contract with a FSMC or that receive food from a meal vendor, may use LFS funds separately to procure allowable food from eligible beneficiaries for use in the NSLP and/or SBP.

The SFA would be responsible for obtaining all required data, maintaining all invoices, and submitting monthly LFS claims.

Q. My school receives food from another SFA. Are we eligible to participate?

A. Yes, your school can participate. The school that provides your meals can purchase the local foods on your behalf, and then you can either pay the school for the local foods or you can pay the farmer/rancher/producer directly. You will need to have a copy of the invoice from the farmer/rancher/producer to keep for your records. It may be one invoice for all of the local foods for your school and the school that provides your meals. That is acceptable, but you must have an indicator on the invoice showing what products, the quantity, and the dollar amount belongs to your SFAs. Remember, administrative expenses are not an allowable expense, so you cannot pay the other SFA any administrative costs or sourcing costs.

Another option is that if the SFA you get your meals from either does not want to participate in LFS or is not able to source local foods for you, then you could source and purchase them yourself. You could work with a local farmer/rancher/producer to locate local foods and you could serve them with your reimbursable meals you receive from the other school. If you need help sourcing local foods, please visit our website for resources.

Data and Recordkeeping

Q. What records must SFAs retain in connection with their receipt and use of LFS funding?

A. All SFAs are required to maintain purchasing and other records for review and audit purposes. SFAs must retain regular records pertaining to its school food service as required by 7 CFR 210.9(b)(17). This may include invoices, receipts, production records and other documents. This documentation must reflect that purchases made by SFAs are consistent with the purpose of the LFS funding, i.e., for local unprocessed or minimally processed food products solely to support meals produced and served under NSLP and/or SBP

Q. If a SFA purchases local food from a distributor, does the distributor need to provide the name of the farm the local food came from and a dollar value that was purchased from that farm?

A. Yes, the distributor does need to provide the SFA with the name of the farm(s)/ranch where the local product came from. The SFA needs to know that the farm/ranch is in Illinois or within 400 miles of the school and if the farm is socially disadvantaged and/or a small business. This information will need to be maintained and also reported on the monthly claim for reimbursement.

Reimbursement

Q. How does the reimbursement work?

A. Each month that the SFA purchases local LFS eligible foods, the SFA will need to submit a claim to ISBE. The claim is a survey style online claim and the SFA will submit one for each month they incurred LFS costs. If there are months in which there were no LFS purchases, the SFA does not need to submit a claim. Claims are due by the 15th of each month and ISBE is only able to reimburse SFAs one time per month. Therefore, if an SFA misses the due date, then they can submit their claim, but it will not be paid until after the next months due date.

Q. Is there a 60 day deadline, and if I miss it, will I no longer be eligible for reimbursement?

A. No. LFS operates differently than your NSLP claim deadlines. It is advisable to submit your claim as soon as you can so you can get your reimbursement as soon as possible, but there is no 60 day deadline for LFS reimbursement. However, as we get close to the end of the funding period in January of 2025, there will be a deadline for all funding to be reimbursed. We will notify SFAs of this deadline closer to the ending of the funding period in late 2024.

Q. What information do I need to submit on my claim?

A. SFAs will need to submit the food(s) they purchased and for each food purchased, they will provide:

- The dollar amount purchased,
- The name of all suppliers in the supply chain of that food item getting to your SFA (ex. farmer/rancher/producer, processor (if applicable), distributor (if applicable), food hub (if applicable)).
- Indicator of if any supplier in the chain is socially disadvantaged and/or a small business.