

**CHILD NUTRITION PROGRAM  
STATE WAIVER REQUEST  
FLEXIBILITY IN THE LIMIT OF CARRYOVER FUNDS  
OF 20% FOR SAE FUNDS OPTION  
FOR HAWAII CHILD NUTRITION PROGRAMS**

Child Nutrition Programs are expected to be administered according to all statutory and regulatory requirements; waivers to the requirements are exceptions. However, Section 12(l) of the Richard B. Russell National School Lunch Act, 42 U.S.C. 1760(l), provides authority for USDA to waive requirements for State agencies or eligible service providers under certain circumstances. When requesting the waiver of statutory or regulatory requirements for the Child Nutrition Programs (CNPs), including the Child and Adult Care Food Program (CACFP), the Summer Food Service Program (SFSP), the National School Lunch Program (NSLP), the Fresh Fruit and Vegetable Program (FFVP), the Special Milk Program (SMP), and the School Breakfast Program (SBP), State agencies and eligible service providers should use this template. State agencies and eligible service providers should consult with their FNS Regional Offices when developing waiver requests to ensure a well-reasoned, thorough request is submitted. State agencies and eligible service providers are encouraged to submit complete waiver requests at least 60 calendar days prior to the anticipated implementation date. Requests submitted less than 60 calendar days prior to the anticipated implementation should be accompanied by an explanation of extenuating circumstances.

For more information on requests for waiving Program requirements, refer to [SP 15-2018, CACFP 12-2018, SFSP 05-2018](#), *Child Nutrition Program Waiver Request Guidance and Protocol* - Revised, May 24, 2018.

**Subject of waiver request:** Flexibility in the limit of carryover funds of 20% for SAE funds option for Hawaii Child Nutrition Program

**1. State agency submitting waiver request and responsible State agency staff contact information:**

Name of State agency: Hawaii Child Nutrition Programs  
State agency staff contact: Sharlene Wong  
Mailing address: 650 Iwilei Road, Suite 270, Honolulu, HI 96817  
Telephone number: (808) 587-3600  
Email address: Sharlene.Wong@k12.hi.us

**2. Region:** Western Region

**3. Eligible service providers participating in waiver and affirmation that they are in good standing:**

Hawaii Child Nutrition Programs (HCNP) requests this waiver for the State Agency, in good standing, to have flexibility regarding the limit of carryover funds to 20% option..

**4. Description of the challenge the State agency is seeking to solve, the goal of the waiver to improve services under the Program, and the expected outcomes if the waiver is granted. [Section 12(l)(2)(A)(iii) and 12(l)(2)(A)(iv) of the NSLA]:**

As a result of the pandemic and school closures, the Hawaii Department of Education halted all travel for HIDEOE employees. This affected the ability of HCNP to complete the ARs and CACFP reviews for the SY 2019/2020 and for the SY 2020/2021. Conducting on site ARs and CACFP reviews and technical assistance requires HCNP to travel to other islands incurring travel expenses. As the team did not complete ARs or CACFP reviews and technical assistance onsite for two years we will need to have funds to cover travel expenses for the upcoming years SY 2021/2022 and SY 2022/2023.

Unexpended travel funds for last year and this year will result in excess of 20% carryover in SAE funds. HCNP will need the excess funds to cover future travel expenses. We would like to carry over no more than 32% for the SY 2021/2022 and SY 2022/2023. Otherwise the State Agency will not have enough funds to cover the travel expenses for all our programs for SY 2021/2022 and 2022/2023. The ARs and CACFP reviews were reallocated over the course of those two years and a lack of travel funding will result in the inability of the SA to fulfill its audit obligations for USDA.

**5. Specific Program requirements to be waived (include statutory and regulatory citations). [Section 12(l)(2)(A)(i) of the NSLA]:**

HCNP is requesting a waiver of the requirement found at 7CFR 235.6(e), regarding the limit of 20% in SAE carryover funds, due to the COVID-19 pandemic.

7 CFR 235.6 (e) Payments to State page 297

(e) *Return of funds.* (1) In Fiscal Year 1991, up to 25 per cent of the SAE funds allocated to each State agency under §235.4 may remain available for obligation and expenditure in the second fiscal year of the grant. **In subsequent fiscal years, up to 20 percent may remain available for obligation and expenditure in the second fiscal year.** The maximum amount to remain available will be calculated at the time of the formula allocation by multiplying the appropriate percentage by each State agency's formula allocation as provided under §235.4(a) through (c). At the end of the first fiscal year, the amount subject to the retention limit is determined by subtracting the amount reported by the State agency as Total Federal share of outlays and unliquidated obligations on the fourth quarter Standard Form FNS 777, Financial Status Report, from the total amount of SAE funds made available for that fiscal year (i.e., the formula allocation adjusted for any transfers or reallocations). However, funds provided under §235.4(d) are not subject to the retention limit. Any funds in excess of the amount that remains available to each State agency shall be returned to FNS.

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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. Furthermore, state agencies must ensure that the total amount of SAE funds (initial allocation plus reallocation and transfers) carried over into FY 2021 does not exceed an amount equivalent to **20 percent** of the total amount of all SAE allocations received in FY 2020. The state's SAE Plan must reflect an estimate of the planned use of SAE funds through the end of FY 2020. 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].

### **6. Detailed description of alternative procedures and anticipated impact on Program operations, including *technology, State systems, and monitoring*:**

The SA will have to conduct off site ARs if travel funds are not available; as well as, providing technical assistance via webex. The Sponsors and SFAs are accustomed to on site in-person ARs and technical assistance. In Hawaii past experiences demonstrate that our sponsors relate and comprehend better to hands on and face to face training. AR results are not very promising when ARs and technical assistance is conducted via Webex type meeting.

It is the belief of the SA that desk reviews and technical assistance do not meet the needs of our SFAs and Sponsors. Several weeks ago we notified our CACFP Sponsors that we would be conducting desk reviews this year and that was met with complaints and lots of discord from our customers. NSLP sponsors were unhappy this year when we conducted technical assistance via Webex, but understood that we were unable to travel due to HDOE regulations. Culturally our SFAs and Sponsors are accustomed to in-person interaction for training and technical assistance. Webex calls seem to be challenging and less effective. If the SA has to conduct desk ARs for the next two years with our neighbor island accounts that will probably put the SFAs and Sponsors in a tailspin. Additionally, desk reviews are more complicated for the SA and take much longer to complete. That will have a negative impact to SA program operations as we will have more SFAs to review in light of our gap year. The SFAs and Sponsors will not have as robust a review and SA will not be able to provide the specificity that we provide with an onsite review. The SA respectfully request that we have the ability to carryover more than 20% SAE funds so that we may conduct our ARs and pre-AR visit onsite. In addition, Hawaii has strict rules for inter-island travel and COVID tests must be done before and after travel. This adds to the cost of travel by a minimum of \$600 per trip per person provided the results are negative. If an individual has a positive COVID result they will need an additional test to demonstrate they are negative for COVID in order to return to the office. This will add an additional \$300 for the test to return to work.

**7. Description of any steps the State has taken to address regulatory barriers at the State level. [Section 12(l)(2)(A)(ii) of the NSLA]:**

No regulatory barriers at the State level related to this specific issue.

**8. Anticipated challenges State or eligible service providers may face with the waiver implementation:**

HCNP does not anticipate that the establishment of this statewide waiver will pose any challenges at the state or participant level. Our ability to carryover more than 20% SAE funds will allow the SA to return to normalcy by conducting on-site technical assistance and ARs. We anticipate this waiver will reduce challenges of having to complete desk audits and our SFAs and sponsors will better benefit from the onsite visits.

**9. Description of how the waiver will not increase the overall cost of the Program to the Federal Government. If there are anticipated increases, confirm that the costs will be paid from non-Federal funds. [Section 12(l)(1)(A)(iii) of the NSLA]:**

The establishment of this statewide waiver should not increase the overall cost of the program to the federal government. We would be just be carrying over more SAE than normally allowed due to the lack of travel the end of last school year 2019/2020 and this school year 2020/2021 to cover our additional expenses for travel in future years.

**10. Anticipated waiver implementation date and time period:**

The anticipated waiver implementation start date is September 30, 2021 to remain in effect through September 30, 2023.

There is currently no foreseeable solution to preventing COVID-19 at this time as variants have been discovered. There is no guarantee that the current vaccines will fully protect an individual from COVID-19. HCNP would like to request the ability to carryover more than 20% SAE funding for two years not to exceed 32% for each year.

**11. Proposed monitoring and review procedures:**

HCNP will track and provide oversight to the expenditure of SAE funds. We will ensure that the carryover of SAE funds does not exceed 32% for the first and second year of the waiver. The accountants will maintain records and provide to WRO the yearly information on the Form 525 to ensure we are not above the 32% limit

**12. Proposed reporting requirements (include type of data and due date(s) to FNS):**

HCNP will report the following data points once the two years have passed.

- A description of the impact the waiver had on meal service operations, children's access to nutritious meals, and participation
- The number of sponsors and sites that SA traveled to and used SAE carryover funds



- The number of ARs or CACFP reviews conducted on neighbor islands during the two years
- The number of SFAs and CACFP Sponsors where travel expenses were utilized for technical assistance
- A summary of findings associated with the waiver

**13. Link to or a copy of the public notice informing the public about the proposed waiver [Section 12(l)(1)(A)(ii) of the NSLA]:**

Link to public notice: <https://hcnp.hawaii.gov/wp-content/uploads/2021/03/SAE-more-20-Waiver-COVID-19-2021-to-WRO.pdf>

**14. Signature and title of requesting official :**

- Signature: Sharlene Wong
- Title: Sharlene Wong, Summer Food Service Program, Program Administrator, Hawaii Child Nutrition Programs.

Title: Summer Food Service Program Hawaii

Requesting official's email address for transmission of response:

Sharlene.Wong@k12.hi.us

**TO BE COMPLETED BY FNS REGIONAL OFFICE:**

*FNS Regional Offices are requested to ensure the questions have been adequately addressed by the State agency and formulate an opinion and justification for a response to the waiver request based on their knowledge, experience and work with the State.*

**Date request was received at Regional Office:**

- Date Received: \_\_\_\_\_

**Check this box to confirm that the State agency has provided public notice in accordance with Section 12(l)(1)(A)(ii) of the NSLA**

**• Regional Office Analysis and Recommendations:**

- Recommend Approval
- Recommend Denial

**Explanation:**