




## State of New Jersey

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To: School Business Administrators; Food Service Management Companies

From: Rose Tricario, Director  
Division of Food and Nutrition 

Date: February 25, 2021

Subject: Payroll Protection Program (PPP) Loan Guidance/Clarification

### School Food Authorities (SFAs) with Food Service Management Company (FSMC) Contracts

The State Agency has received guidance and clarification from the USDA regional office pertaining to Payroll Protection Program (PPP) Loans (memorandum SP-05-2021).

SFAs should determine if their FSMC applied for and received a Federal Payroll Protection Program (PPP) Loan. If so:

- Were any SFA labor costs charged to the SFA in the FSMC contract, and;
- Were the SFA labor costs paid for by the PPP Loan, and;
- Was the PPP Loan forgiven?

If the answer to all above questions is yes, the funds must be returned to the SFA. Please refer to the following questions for guidance and clarification:

Q1: The question in the memo originally addressed the ability to use SFSP and CACFP Program funds. Does this also extend to NLSF?

“Any Child Nutrition Program expenses paid for using those forgiven PPP funds may not be claimed using Child Nutrition Funds since they already have been paid with another source of Federal funding.”

**Answer: Yes, this would apply to all Child Nutrition Program funds (including NSLP and SBP funds)**

This next question was meant for the NSLP, but also applies to FSMCs contracting in SFSP or CACFP.

Q2: If a Food Service Management Company received a PPP loan and used the funds to pay allowable expenses of the Child Nutrition Program, such as labor expenses, which was then charged as normal to the SFA, and the loan was subsequently forgiven, **must the funds be returned to the School Food Authority?**

**Answer: Yes, the funds must be returned to the School Food Authority (SFA). This is because the SFA is using Child Nutrition Programs funds to pay for the same expenses that were already paid for using forgiven PPP funds. The same expenses cannot be paid for with both forgiven PPP funds and Child Nutrition Programs funds. The Child Nutrition Programs funds that were used to pay for the same expenses paid for by forgiven PPP funds must be returned to the SFA.**

As applicable, the SFA should obtain copies of the PPP Loan Application and supporting documentation, as well as the FSMC's certified payroll records to verify labor costs charged to the SFA.

Please contact [ProcurementReviews@ag.nj.gov](mailto:ProcurementReviews@ag.nj.gov) if you have any questions.