

Attachment 3C(1)

Explanatory Note for Food & Nutrition Service (FNS) Report February 1, 2010

The enclosed report includes the four FNS program areas that received funding under Division A of the American Recovery and Reinvestment Act of 2009 (ARRA). Department of Agriculture Regulations implementing the National Environmental Policy Act provide for the categorical exclusion of these FNS (formerly Food & Consumer Service) programs (7 CFR Section 1b.4).

During the most recent period, October - December 2009, FNS obligated approximately \$65 million in ARRA Special Supplemental Nutrition Program for Women, Infants, and Children funds for management information system grants; over \$23 million for the FNS Commodity Assistance Program; and over \$2.9 billion for program benefits using ARRA Supplemental Nutrition Assistance Program (SNAP) funds. In previous reporting periods, FNS obligated all ARRA State Child Nutrition Program funds.

In this report, FNS corrected the amount of appropriated SNAP funding from \$20,136,500,000 to \$15,763,524,000. This updated amount represented the amount of funds apportioned by the Office of Management and Budget in fiscal years 2009 and 2010 for the SNAP. Funding for SNAP benefits provided under ARRA reflects the unique manner in which the Act authorized these funds. Rather than designate a specific measurable amount to augment regular SNAP benefits, the Act increased the value of SNAP benefits by 13.6% over the June 2008 value of the Thrifty Food Plan. The increase in benefits provided by the Act was an open-ended authorization, intended to make additional funds available for use up until the gap created between the June 2008 Thrifty Food Plan and the 13.6% increase was closed.

A perhaps unforeseen consequence of the wording of the legislation is that the amount of additional funds needed to close the gap created will fluctuate with changes in food costs. After passage of ARRA food costs actually went down, which resulted in widening the gap. As a consequence, an estimate of the total amount of ARRA funds necessary to reach the "floor" established by the Act increased from around \$20 billion at the time the Act was signed into law to a current estimate of around \$48 billion. Future changes in food cost will continue to revise this amount downward or upward. As food costs rise, the gap will decrease; as they drop the gap will grow in size. Estimates of total funding necessary are only accurate as of the conditions that exist at the time the estimate is made.

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