



United States
Department of
Agriculture

Food and
Nutrition
Service

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Alexandria, VA
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DATE: March 6, 2015

MEMO CODE: SP 26-2015

SUBJECT: Fiscal Year 2015 National School Lunch Program
Equipment Assistance Grants for School Food Authorities

TO: Regional Directors
Special Nutrition Programs
Financial Management
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to distribute funding allocations in the amount of \$25 million provided by the Fiscal Year (FY) 2015 Agriculture Appropriations Act to State agencies that will competitively award equipment assistance grants to eligible school food authorities (SFAs) participating in the National School Lunch Program (NSLP). This memorandum also provides guidance on the specific terms and conditions, period of performance, timelines, funding goals, and reporting requirements for these grants.

These funds will allow SFAs to purchase equipment to serve healthier meals that meet the updated meal patterns, with emphasis on more fruits and vegetables in school meals, improve food safety, and expand access.

Grant Awards

State agencies must award these grants via a competitive grant process to SFAs, giving priority to high need schools (i.e., schools in underserved areas, schools with limited access to other resources, and age of food service equipment) where 50 percent or more of the enrolled students are eligible for free or reduced price meals. In addition, SFAs must give priority to schools that did not receive a previous NSLP Equipment Assistance Grant award under the American Recovery and Reinvestment Act of 2009 and the FY 2010, FY 2013, and FY 2014 Agriculture Appropriations Acts.

When developing the award selection criteria for grant recipients, State agencies should consider factors including, but not limited to, the following:

- Opportunities to realize a meaningful impact on nutrition and quality of meals (e.g., replacing fryers with combination steamer-ovens)

- Strategies for adopting Smarter Lunchrooms (e.g. lunchroom changes that provide more convenience and appeal to the student population, highlighting healthier choices, redesigning menus that target healthier entrees/options)
- The availability of existing State and local funding for equipment purchases
- Age of food service equipment

State agencies must submit a copy of the Request for Application (RFA) to their respective Food and Nutrition Service (FNS) Regional Program Office for prior approval. The RFA must include all applicable terms and conditions both at the Federal and State level (Government-wide and USDA requirements). The Federal terms and conditions are outlined in the attached “Regional Office Checklist for Reviewing State Agency NSLP Equipment Grant Proposals.”

Funding

With the funding available through the FY 2015 Appropriations Act, FNS used the State Administrative Expense allocation formula to issue the total allocation of \$25 million to State agencies. Refer to the State agency funding allocation attachment.

A State agency may not use more than five percent of its allocation for administrative costs associated with awarding grants to eligible SFAs.

Funding Goals

In order to make the most effective use of the NSLP Equipment Assistance Grant funds, State agencies must include, as a focus area, equipment that improves the quality of school meals. Additional focus areas may include:

- Equipment that improves the safety of food served in the school meal programs
- Equipment that improves the overall energy efficiency of the school food service operations
- Equipment used to improve or expand participation in the NSLP and/or School Breakfast Program

Equipment requests may include new equipment, renovation of equipment, or replacement of equipment. Regulations at 2 CFR Part 200.33 define equipment as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

As with all Federal grant funds, procurement regulations at 7 CFR Part 210.21 and 2 CFR Part 200.317-326 apply, and equipment competitively procured using these grant funds must be necessary, reasonable, and allocable. While using these grant funds to purchase a walk-in freezer for school food service, or a salad bar, may be an allowable cost, building an extension to a cafeteria would be a capital expense that should be borne by the school district.

State agencies' NSLP Equipment Assistance Grant announcements to SFAs must highlight the requirement to follow all Federal, State, and Local procurement laws when purchasing equipment with these grant awards. In addition, it is strongly recommended that State agencies communicate to selected SFAs the following best practices to assist their efforts in upgrading food service equipment to serve healthier meals:

- School officials and local policymakers should work collaboratively with parents, teachers, students, and funders to identify and implement strategies for meeting equipment, infrastructure, and training needs.
- Nonprofit and for-profit organizations that have an interest in improving children's health, education, school infrastructure, and community wellness should provide assistance to schools in acquiring the necessary equipment.

Period of Performance

The performance period for these grants is two years. Therefore, the performance period will end September 30, 2017.

Award/Award Timeline

FNS Regional Financial Management Offices are responsible for completing the FNS-529 and the Terms and Conditions document for each State agency. Templates and instructions for completing these documents are attached. State agencies must complete the entire award process by the end of June 30, 2016, including solicitation and obligation.

Furthermore, SFAs must complete their procurement and expenditure activities by the end of FY 2017 (September 30, 2017).

SFAs that are unable to fully expend their grant amounts must return the unliquidated funds to the State agency. If these funds are returned to the State agency prior to September 30, 2016, the State agency may reallocate available funds (the returned funds and the funds not previously obligated to SFAs) to award the next applicant approved for an equipment grant that had not received funds during the initial competitive grant application process. Upon exhausting the eligible applicant list, and submitting a written justification to the appropriate FNS Regional Office that all eligible SFAs have been given an opportunity to receive funds, the State agency will return to the top of the applicant list and fund SFAs that were partially funded during the initial allocation process from top to bottom.

Funds returned to the State agency after September 30, 2016 must be returned to FNS. State agencies must follow all standard policies and procedures to award these grants to the SFAs.

Reporting Requirements

FNS Regional Financial Management Offices will be responsible for processing grant awards to State agencies and ensuring that State agencies submit quarterly SF-425 Financial Reports in the

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Food Program Reporting System (FPRS). If State agency staff do not already have access to the CN-NSLPE Program in FPRS, they will need to submit an FNS-674 to their Regional Office point-of-contact. FNS Regional Program Offices will be responsible for collecting quarterly progress activity reports (and forwarding a copy to the National Office) from State agencies that include the following information:

- Progress made in obligating funds at the State level and expending funds at the SFA level
- Types of equipment purchased
- Accomplishments and challenges in expenditure activities
- Impact of purchased equipment on the school food service operation
- Reason(s) for any unliquidated funds
- Potential return of equipment
- Report on the total amount and percentage of administrative costs expended as compared to the total amount allowable for administrative costs

Questions regarding this memo should be directed to the appropriate Regional Office. Regional Office questions should be directed to the Child Nutrition Program Monitoring and Operational Support Division.

Original Signed

For Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Original Signed

Lael J. Lubing
Director
Grants & Fiscal Policy Division

Attachments

FY 2015 NSLP Equipment Assistance Funds: State Allocations
FNS Standard Terms and Conditions
FNS-529: Grant Cooperative/Agreement
FNS-529 and Terms and Conditions Instructions
Regional Office Checklist for Reviewing State Agency NSLP Equipment Grant Proposals