



Food and  
Nutrition  
Service

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DATE: May 05, 2016

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SUBJECT: Bonding Requirements for Food Service Management  
Companies and other Subcontractors

TO: Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

Under previous interpretation of 2 CFR 200.325, FNS communicated that “subcontracts exceeding the Simplified Acquisition Threshold” not only applied to subcontracts related to construction or facility improvement contracts, but also applied to Food Service Management Companies (FSMCs) as the contracts they have with School Food Authorities (SFAs) were considered to be subcontracts and, therefore, fell under the scope of the bonding requirements in 2 CFR 200.325.

**In actuality, the bonding requirements in 2 CFR 200.325 apply only to subcontracts of construction or facility improvement contracts exceeding the Simplified Acquisition Threshold.** The bonding requirements do not apply to the procurement of FSMC services in the National School Lunch Program. State and local agencies may continue to establish bonding requirements to ensure the Federal interest is protected so long as it does not create a barrier to free and open competition.

Bonding requirements for FSMCs in Summer Food Service Programs remain as outlined in 7 CFR 225.15 and SFSP13-2014.

State agencies must distribute this memorandum to SFAs immediately. SFAs should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

**Original Signed**

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Director  
Program Monitoring and Operational Support  
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