

March 18, 2009

Equipment assistance grants for school food authorities

Child Nutrition Programs

Award designations: June 8, 2009

The American Recovery and Reinvestment Act (ARRA) provides a one-time appropriation of \$100,000 for equipment assistance to school food authorities (SFA) participating in the National School Lunch Program (NSLP). Funds will be allocated based on each state's school meals administrative expense allocation and local SFAs may then competitively apply for NSLP equipment assistance grants.

As stipulated in the ARRA, priority will be given to SFAs for equipment for schools in which at least 50 percent of the students are eligible for free or reduced-priced meals. While the primary effect of the NSLP equipment assistance grants authorized by the ARRA will be to improve the infrastructure in the NSLP, it is important to note that the authority for the grants was provided in the context of the overall effort to stimulate activity within the American economy.

To provide timely impact on the economy it is strongly encouraged that State agencies make NSLP equipment assistance grants to qualifying SFAs not later than June 8, 2009. It is also recommended that State agencies encourage grant recipients, through whatever means available, to fully expend their NSLP equipment assistance grants within three months of the award.

Guidance on funding, SFA applications, award timelines, reporting requirements and available resources are provided below.

Funding

NSLP equipment assistance grant funds will be provided based on each state's total school meals administrative expense allocation for Fiscal Year 2009. Virginia's allocation of \$1,891,294 reflects all State administrative funds provided, including those for Regional Office Administered Programs (ROAP).

As required by the ARRA, these grants must be distributed to local SFAs via a competitive grant process that is fair and equitable. The need for timely distribution and use of the NSLP equipment assistance grant funds does not constitute a justification to support award of the grants on a noncompetitive basis.

State agencies will be given new codes to track the allocations associated with the ARRA funds. These funds cannot be commingled with other program funds, and must be tracked and reported separately.

SFA Applications

Each SFA participating in the NSLP is eligible to submit an application to receive a NSLP equipment assistance grant.

Equipment Definition: Equipment requests may include new equipment, renovation of equipment, or replacement of equipment. USDA regulations at 7 CFR 3016.3 and Office of Management and Budget Circular A-87 define equipment for the purpose of NSLP equipment assistance grants as articles of nonexpendable, tangible personal property with a useful life of more than one year and a per unit acquisition cost of \$5,000 (or such lesser amount as the SFA uses when reporting equipment as assets in its financial statements).

As with all Federal grant funds, equipment procured using NSLP equipment assistance grant funds must be reasonable and allocable in order to be reasonable and permissible costs.

An example, using NSLP equipment assistance grant funds to purchase a walk in freezer for school food service use would be an allowable cost; whereas renovation of the food service area would fall under the category of construction costs which must be borne by the school district's general fund.

Focus of SFA Grants:

In keeping with the dual goals of improving Program infrastructure and providing an economic stimulus, USDA encourages the prompt purchase of equipment, as opposed to equipment purchases that may take many months or years to become effective. In order to make the most effective use of the NSLP equipment assistance grant funds, when developing the application process, State agencies should incorporate one or more of the following four focus areas:

- Equipment that lends itself to improving the quality of school foodservice meals that meet the dietary guidelines. (e.g., purchasing an equipment alternative to a deep fryer),
- Equipment that improves the safety of food served in the school meal programs. (e.g., cold/hot holding equipment, dish washing equipment, refrigeration, milk coolers, freezers, blast chillers, etc.),
- Equipment that improves the overall energy efficiency of the school foodservice operations (e.g. purchase of an energy-efficient walk in freezer replacing an outdated, energy-demanding freezer),

- Equipment that allows SFAs to support expanded participation in a school meal program. (e.g., equipment for serving meals in a non-traditional setting or to better utilize cafeteria space)

State agencies may opt to propose alternate or additional focus areas, but must submit the proposal to FNS for prior approval.

Criteria for Award of NSLP Equipment Assistance Grants to SFAs:

State agencies will be responsible for creating the specific criteria used in their competitive NSLP equipment assistance grant process that best represent the needs in their State. State agencies must comply with the statutory requirement that grants are to be based on the need for equipment assistance in participating schools with priority (or more weight) given to schools in which not less than 50 percent of the students are eligible for free or reduced price meals. In addition, as noted above, we recommend that State agencies consider the ability of applicant SFAs to fully expend grant funds within three (3) months of the award.

When developing the NSLP equipment assistance grant criteria, State agencies may consider the SFA's ability to justify their degree of need for the equipment based on a number of factors, including but not limited to: number of students who would benefit; contribution to the enhancement of the quality of meal service; the availability of existing State and local funding for equipment purchases; expected increase in participation or number of sites in which school meals are served; the SFA's current budget and operating balance; and/or geographic location as it relates to frequency of food deliveries.

Award Timeline

USDA strongly encourages state agencies to complete the entire award process, including solicitation and designation of award, by June 8, 2009. USDA recommends that State agencies encourage SFAs to complete their procurement and expenditure activities within three (3) months of grant award.

Reporting Requirements

ARRA also contains various reporting requirements. USDA is in the process of determining how these requirements impact the equipment grant activity, and will issue guidance in the near future. In the interim, States should be aware that ARRA requires that administrative expenditures made with ARRA funds be distinguishable from all other funds. States will be expected to track ARRA expenditures separately. USDA anticipates States will also be required to provide information on grants awarded as well as narrative on the purpose and use of the NSLP equipment assistance grants. FNS will be providing additional information on reporting requirements shortly.

Important Links:

The National Food Service Management Institute (NFSMI) has recently developed a resource for SFAs entitled "Equipment Purchasing and Facility Design for School Nutrition Programs," which includes information on decision making for purchase of

school foodservice equipment. This resource is available on NFSMI's website at <http://nfsmi.org/>.

In addition, the Child Nutrition Program Division is developing an online training course on general procurement requirements. While this training does not focus specifically on equipment per se, it does provide information for State agencies regarding general Federal procurement requirements. The training consists of three topic areas. At this time the first topic entitled "State Agency Guidance on Procurement Topic 1" is available online by registering at [NFSMI's website](#).

<http://www.fns.usda.gov/fns/recovery/default.htm>

VACo staff contact: [Dean A. Lynch, CAE](#)