



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

**DATE:** March 20, 2007

**MEMO CODE:** SP 08-2007

**SUBJECT:** Legislative Changes in the Nutrition Services Incentive Program

**TO:** Regional Directors  
All Regions

State Agencies  
All States

In accordance with Public Law 109-365, the Older Americans Act Amendments of 2006 enacted on October 17, 2006, State or Area Agencies on Aging and Indian Tribal Organizations (collectively referred to as SAA) and their selected grantees (i.e., elderly nutrition projects) may use funds received in the Nutrition Services Incentive Program (NSIP) to pay school food authorities (SFAs) participating in the National School Lunch Program, School Breakfast Program, or Special Milk Program (School Meals Programs) to make food purchases, in the commercial market, on behalf of the SAA or selected grantee. Such food purchases must be made in accordance with an agreement between the appropriate SAA or selected grantee and the SFA. An agreement may also permit reimbursement to the SFA for related expenses, such as transporting, distributing, processing, storing, or handling foods on behalf of the SAA or selected grantee. SFAs would follow established School Meals Programs procurement requirements when making such purchases.

Although the agreements described above are purely voluntary, the Food and Nutrition Service (FNS) encourages SFAs to enter into such agreements. Agreements between grantees or subgrantees of Federal grants for procurement or use of common goods and services are encouraged in 7 CFR 3016.36(b)(5), in order to promote greater economy or efficiency. Additionally, Section 12(i) of the Richard B. Russell National School Lunch Act, 42 USC 1760(i), permits SFAs participating in the School Meals Programs to use facilities, equipment, and personnel to support elderly nutrition projects operating under the Older Americans Act of 1965, 42 USC 3001, et seq.

In order to facilitate potential agreements, FNS is providing your contact information to the Department of Health and Human Service's Administration on Aging, for use by SAA in obtaining contact information on SFAs in their respective State.

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Please share the information contained in this letter with your SFAs and encourage them to assist interested SAA or their selected grantees in working out agreements for common food procurements.

Thank you for your assistance in this matter.

Sincerely,

**Original Signed**

Stan Garnett  
Director  
Child Nutrition Division