



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

DATE: May 26, 2005

Food and
Nutrition
Service

POLICY NO.: FD-047: Nutrition Services Incentive Program

SUBJECT: Fiscal Year 2006 Operations

3101 Park
Center Drive

In the Nutrition Services Incentive Program (NSIP), the Department of Health and Human Services' Administration on Aging (AoA) provides a grant to State Agencies on Aging and Indian Tribal Organizations (collectively referred to as SAAs) each year. However, SAAs may choose to receive all or part of their NSIP grant as USDA commodities. Each SAA informs the Food and Nutrition Service (FNS) what amount, if any, or what percentage of its total grant, that it wants to allocate for commodity purchases. FNS provides this information to State Distributing Agencies, which submit commodity orders on behalf of the SAAs. State Distributing Agencies must solicit commodity preferences from SAAs before submitting orders.

Alexandria, VA
22302-1500

Area Agencies on Aging (AAA) Special Projects

Selected AAAs operating in special projects may choose to receive all or part of their NSIP grant as donated foods, independent of the SAA. However, in order to participate, the SAA and the State Distributing Agency must agree to allow the AAAs to select this option. As with SAAs, State Distributing Agencies submit commodity orders on behalf of the AAAs, after soliciting their commodity preferences.

Commodity Allocations

- SAAs must submit their commodity allocations as either a percentage of the total grant or a fixed dollar amount. In either case, FNS will notify AoA to ensure that the SAA's total grant is reduced by the appropriate amount.
- AAAs operating as special projects must also submit their commodity allocations as either a percentage of their total grant or a fixed dollar amount.

FNS will notify the SAA of this amount, and will also notify AoA to ensure that the SAA's total grant is reduced by the appropriate amount.

ACTION: By **June 30, 2005**, State Distributing Agencies must submit their commodity orders for the 2006 Program Year to FNS' Food Distribution Division (FDD). You may email responses directly to Janet.West@fns.usda.gov.

Selecting Commodities and Monitoring Commodity Allocations

- SAAs are eligible to receive both traditional Group A and Group B grant and bonus commodities.
- No changes in commodity selections or orders will be allowed after February 1, 2006.
- FDD will monitor commodity grant balances throughout the year and work directly with State Distributing Agencies on any issues related to those levels and ordering options. State Distributing Agencies should consult with SAAs as needed.
- In April 2006, FDD will begin the process of reconciling the commodity allocations. FDD will contact State Distributing Agencies to discuss options to utilize any remaining balance. SAAs are strongly encouraged to use their commodity allocation by the end of the third quarter.
- In July 2006, FDD will inform AoA of SAAs that will not use their remaining commodity allocations by September 30, 2006. FDD will return these funds to AoA. AoA will return the funds to the appropriate SAA as cash prior to the end of the fiscal year.

If you have any questions or need assistance, please contact Janet West at (703) 305-2671 or by email at Janet.West@fns.usda.gov.



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