



# Food Distribution National Policy Memorandum

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United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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Alexandria, VA  
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**DATE:** April 30, 2007

**POLICY NO:** FD-065: Nutrition Service Incentive Program (NSIP)

**SUBJECT:** Nutrition Services Incentive Program (NSIP)—Program Operations in Fiscal Year (FY) 2008 and Subsequent Years

Recent legislative changes reinstated the option that permitted State Agencies on Aging and Indian Tribal Organizations (SAAs), as well as selected Area Agencies on Aging special projects (AAAs), to receive all or part of their NSIP grant as Department of Agriculture (USDA) commodities in FY 2008 and subsequent years. This memorandum describes modifications made to program operations consistent with the provisions of the authorizing statute.

The Older Americans Reauthorization Technical Corrections Act (Pub. Law 110-19), enacted on April 23, 2007, reinstates the option that permits SAAs and AAAs to receive USDA commodities as all or part of their NSIP grant with a number of significant improvements that will streamline program operations. Two of the major improvements are:

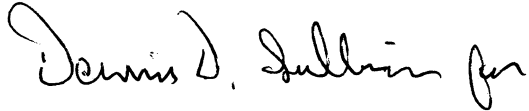
- *Transfer of funds* – Once funds have been appropriated, the Department of Health and Human Service’s (DHHS) Administration on Aging (AoA) will transfer funds to USDA’s Food and Nutrition Service (FNS) for the purchase of commodities in NSIP, and for expenses related to such purchases, for those SAAs and AAAs that have chosen to receive USDA commodities. This differs from past practices, which provided a reimbursement at the end of the fiscal year for commodity purchases and related expenses.
- *Carryover* -- FNS is authorized to carry over any unused funds to make commodity purchases for the appropriate SAAs and AAAs in the following fiscal year, rather than return such funds to AoA for their disbursement to SAAs and AAAs.

We expect these changes to result in improved commodity purchasing operations in the long term; however, there are likely to be some transitional issues in the first year of operation, FY 2008. Because commodity purchases will be based on a transfer of funds, USDA purchases are dependent upon funds being transferred to FNS by AoA. Federal Acquisitions Regulations prohibit USDA from entering into contracts for the purchase of commodities before the transfer of such funds. As a result, commodity purchases and deliveries are likely to begin in the 2<sup>nd</sup> quarter of FY 2008. In subsequent years, earlier deliveries are more likely because the “carryover” authority will enable FNS to use carryover funds to make purchases earlier in the affected year.

FNS will advise State distributing agencies in the near future of the required timing and procedures for identifying the amount of grant level to be allocated for USDA commodity purchases, submitting orders, changing orders, etc. In the meantime, if you

have any questions or need assistance, please contact Janet West at (703) 305-2671 or by e-mail at [Janet.West@fns.usda.gov](mailto:Janet.West@fns.usda.gov).

We look forward to working with you again in FY 2008 and beyond.



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Director  
Food Distribution Division