



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

MEMO CODE: SP 18-2009

DATE: March 9, 2009

SUBJECT: 2009 Equipment Assistance Grants for School Food Authorities

TO: Regional Directors
Child Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

Public Law 111-5, the American Recovery and Reinvestment Act of 2009 (ARRA), was signed into law by President Obama on February 17, 2009. The ARRA provides a one-time appropriation of \$100,000,000 for equipment assistance to school food authorities (SFAs) 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 we strongly encourage State agencies to make NSLP equipment assistance grants to qualifying SFAs not later than June 8, 2009. We also recommend that State agencies encourage grant recipients, through whatever means available, to fully expend their NSLP equipment assistance grants within three (3) 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 States' total school meals administrative expense allocation for Fiscal Year 2009 (see enclosed funding levels and note regarding ROAP and alternate State agencies). 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 non-competitive basis. State agencies making these awards are expected to follow the same laws, regulations, principles,

procedures, and practices in awarding the competitive grants with the ARRA funds as they do with other funds.

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. Generally, then, 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, we encourage 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.

State agencies' NSLP equipment assistance grant announcements must make clear to the SFAs that they will be required to follow all Federal, State and Local procurement laws when purchasing equipment under these grants.

Award Timeline

We strongly encourage State agencies to complete the entire award process, including solicitation and designation of award, by June 8, 2009.

We recommend 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. We are in the process of determining exactly 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.

We anticipate 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.

Resources

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 for State agencies 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.

State agencies with questions on this memo should contact their Regional Offices. Regional office questions should be directed to Lynn Rodgers.

Original Signed

CYNTHIA LONG
Director
Child Nutrition Division

Enclosure

ARRA Equipment Grant Funds State Allocations	
State	Allocation
AK	286,227
AL	1,956,100
AR*	1,274,260
AZ	2,208,964
CA	12,864,683
CO*	1,034,538
CT	785,878
DC	215,765
DE	233,284
FL	5,403,280
GA*	4,420,793
GU	215,764
HI	348,600
IA	823,633
ID	481,315
IL	3,657,300
IN	1,937,595
KS	849,759
KY	1,769,888
LA	2,069,399
MA	1,404,025
MD	1,231,398
ME	307,008
MI	2,555,174
MN	1,270,665
MO	1,838,222
MS	1,720,968
MT	224,981
NC	3,313,727
ND	215,764
NE	532,209
NH	215,765
NJ	1,859,763
NM	924,743
NV	679,103
NY*	5,990,474
OH	2,957,271
OK*	1,519,638
OR	1,030,828
PA	2,872,047
PR	1,532,183
RI	268,131
SC	1,836,195
SD	255,465
TN	2,275,738
TX	11,517,159
UT	721,186
VA*	1,891,294
VI	215,764
VT	215,765
WA	1,588,047
WI	1,316,711
WV	649,800
WY	215,764

Note: All allocations are based on FY 2009 State Administrative Expense allocations for the school meals programs.

* State allocations reflect all State administrative funds provided, including those for Regional Office Administered Programs (ROAPs) and alternate State agencies.