



Food and
Nutrition
Service

Park Office
Center

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DATE: May 25, 2018

MEMO CODE: SP 17-2018

SUBJECT: Fiscal Year 2018 National School Lunch Program
Equipment Assistance Grants for School Food Authorities

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to distribute funding allocations out of the total \$30 million provided by the Consolidated Appropriations Act, 2018, (Public Law 115-141), in Fiscal Year (FY) 2018 to State agencies to competitively award equipment assistance grants to eligible School Food Authorities (SFAs) participating in the National School Lunch Program (NSLP). This memorandum also provides guidance on the specific terms and conditions, period of performance, timelines, funding goals, and reporting requirements for these grants.

These funds will allow SFAs to purchase equipment that are needed to serve healthier school meals, improve food safety, and expand access to school meals.

Grant Awards

State agencies must award these grants via a competitive grant process to SFAs, giving priority to high need schools (i.e., schools in underserved areas, schools with limited access to other resources, and age of food service equipment) where 50 percent or more of the enrolled students are eligible for free or reduced price meals. In addition, SFAs must give priority to schools that did not receive a previous NSLP Equipment Assistance Grant.

When developing the award selection criteria for grant recipients, State agencies should consider factors including, but not limited to, the following:

- Opportunities to realize meaningful impacts on nutrition and quality of meals (such as serving more local foods or replacing fryers with combination steamer-ovens)
- Strategies for adopting lunchroom changes that provide more convenience and appeal to the student population (e.g., highlighting healthier choices, redesigning menus that target healthier entrees/options)
- The availability of existing State and local funding for equipment purchases
- Age of food service equipment

State agencies must submit a copy of the Request for Application (RFA) to their respective Food and Nutrition Service (FNS) Regional Program Office for prior approval. The RFA must include all applicable terms and conditions both at the Federal and State level (Government-wide and USDA requirements). The Federal terms and conditions are outlined in the attached “Regional Office Checklist for Reviewing State Agency NSLP Equipment Grant Proposals.”

Funding

With the funding available in FY 2018, FNS used the State Administrative Expense allocation formula to issue the total allocation of \$30 million to State agencies. Refer to the State agency funding allocation attachment.

A State agency may not use more than five percent of its allocation for administrative costs associated with awarding grants to eligible SFAs.

Funding Goals

In order to make the most effective use of the NSLP Equipment Assistance Grant funds, State agencies must include the following as key focus areas:

- Equipment that improves the quality of school meals;
- Equipment that improves the safety of food served in the school meal programs;
- Equipment that improves the overall energy efficiency of the school food service operations; and/or
- Equipment used to improve or expand participation in school meals.

Equipment requests may include new equipment, renovation of equipment, or replacement of equipment. Regulations at 2 CFR Part 200.33 define equipment as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. ***However, for the FY 2018 Equipment Assistance Grants, Congress has specified that the threshold for the purchase of equipment cannot be lower than \$1,000.*** Grantees should keep in mind that this lower purchase threshold only applies to FY 2018 equipment grant funds.

As with all Federal grant funds, procurement regulations at 7 CFR Part 210.21 and 2 CFR Part 200.317-326 applies, and equipment competitively procured using these grant funds must be necessary, reasonable, and allocable. For example, while using these grant funds to purchase a walk-in freezer for school food service, or a salad bar, may be an allowable cost, building an extension to a cafeteria would not meet the intended purposes of this grant.

State agencies' NSLP Equipment Assistance Grant announcements to SFAs must highlight the requirement to follow all Federal, State, and Local procurement laws when purchasing equipment with these grant awards. In addition, it is strongly recommended that State agencies communicate to selected SFAs the following best practices to assist their efforts in upgrading food service equipment to serve healthier meals:

- School officials and local policymakers should work collaboratively with parents, teachers, students, and funders to identify and implement strategies for meeting equipment, infrastructure, and training needs.
- Nonprofit and for-profit organizations that have an interest in improving children's health, education, school infrastructure, and community wellness should provide assistance to schools in acquiring the necessary equipment.

Period of Performance

The performance period for these grants will end September 30, 2020.

Award/Award Timeline

FNS Regional Financial Management Offices are responsible for completing the FNS-529 and the Terms and Conditions document for each State agency. Templates and instructions for completing these documents are attached. State agencies must complete the initial award process by the end of June 30, 2019, including solicitation and obligation.

Furthermore, SFAs must complete their procurement and expenditure activities by the end of FY 2020 (September 30, 2020).

SFAs that are unable to fully expend their grant amounts must return the unliquidated funds to the State agency. If these funds are returned to the State agency, the State agency may reallocate available funds (the returned funds and the funds not previously obligated to SFAs) to award the next applicant approved for an equipment grant that had not received funds during the initial competitive grant application process. Upon exhausting the eligible applicant list, and submitting a written justification to the appropriate FNS Regional Office that all eligible SFAs have been given an opportunity to receive funds, the State agency will return to the top of the applicant list and fund SFAs that were partially funded during the initial allocation process from top to bottom.

Funds returned to the State agency after September 30, 2020 must be returned to FNS. State agencies must follow all standard policies and procedures to award these grants to the SFAs.

Reporting Requirements

FNS Regional Financial Management Offices will be responsible for processing grant awards to State agencies and ensuring that State agencies submit quarterly SF-425 Financial Reports in the Food Program Reporting System (FPRS). If State agency staff does not already have access to the CN-NSLPE Program in FPRS, they will need to submit an FNS-674 to their Regional Office point-of-contact. FNS Regional Program Offices will be responsible for collecting quarterly progress activity reports (and forwarding a copy to the National Office) from State agencies that include the following information:

- Progress/Challenges made in solicitation, obligation and expenditure of funds by the State agency;
- Progress/Challenges experienced by the SFA/LEA in expenditure of funds;
- Number of Equipment Assistance Grant applicants and number approved;
- Report on the total amount and percentage of administrative costs expended as compared to the total amount allowable for administrative costs.

Additionally, State agencies will be responsible for compiling and forwarding an annual progress activity report to the appropriate FNS Regional Office by no later than (NLT) October 14, 2019 and again by October 14, 2020. This report must include the following information for each *school* receiving funding.

- School name and free/reduced priced rate
- Total award amount
- The type and cost of each piece of equipment funded

Once received by the FNS Regional Program Offices, a single report will be forwarded to the National Office by NLT October 31, 2019 and again by October 30, 2020.

Questions regarding this memo should be directed to the appropriate Regional Office.

Original Signed

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Lael J. Lubing
Director
Grants & Fiscal Policy Division

Attachments:

FY 2018 NSLP Equipment Assistance Funds: State Allocations

FNS Standard Terms and Conditions

FNS-529: Grant Cooperative/Agreement

FNS-529 and Terms and Conditions Instructions

Regional Office Checklist for Reviewing State Agency NSLP Equipment Grant Proposals