



Food and  
Nutrition  
Service

Park Office  
Center

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DATE: June 16, 2017

MEMO CODE: SP 34-2017

SUBJECT: Fiscal Year 2017 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 \$25 million provided by the Consolidated Appropriations Act, 2017, (Public Law 115-31), in Fiscal Year (FY) 2017 to State agencies to competitively award equipment assistance grants to eligible School Food Authorities (SFA's) 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 SFA's to purchase equipment to serve healthier meals that meet the updated meal patterns, with emphasis on serving more fruits and vegetables in school meals, including items purchased locally, improving food safety, and expanding access.

### Grant Awards

State agencies must award these grants via a competitive grant process to SFA's, 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, SFA's must give priority to schools that did not receive a previous NSLP Equipment Assistance Grant award under the American Recovery and Reinvestment Act of 2009 and the FY 2010, FY 2013, FY 2014, FY 2015, and FY 2016 Agriculture Appropriations Acts.

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

USDA is an Equal Opportunity

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

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 2017, FNS used the State Administrative Expense allocation formula to issue the total allocation of \$25 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 SFA's.

## **Funding Goals**

In order to make the most effective use of the NSLP Equipment Assistance Grant funds, State agencies must include, as a focus area, equipment that improves the *quality* of school meals. Additional focus areas may include:

- 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 the NSLP and/or School Breakfast Program.

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.

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 be a capital expense that should be borne by the school district.

State agencies' NSLP Equipment Assistance Grant announcements to SFA's 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 SFA's 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, 2019.

### **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, 2018, including solicitation and obligation.

Furthermore, SFA's must complete their procurement and expenditure activities by the end of FY 2019 (September 30, 2019).

SFA's 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 SFA's) 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 SFA's have been given an opportunity to receive funds, the State agency will return to the top of the applicant list and fund SFA's that were partially funded during the initial allocation process from top to bottom.

Funds returned to the State agency after September 30, 2019 must be returned to FNS. State agencies must follow all standard policies and procedures to award these grants to the SFA's.

### **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 as a *minimum*, the following information:

- Progress made in solicitation and obligation of funds at the State agency level;
- Progress made by the SFA/LEA levels in solicitation and obligation of funds;
- Progress made in procurement and expenditure activities at the SFA/LEA level;
- Reason for any unliquidated funds and planned strategies for liquidation;
- Impact of purchased equipment on the school food service operation; and
- 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 15, 2018 and again by October 14, 2019. This report must include, at a *minimum*, the following information for each SFA receiving funding.

- The cost of each piece of equipment funded; and
- The type of equipment purchased.

Once received by the FNS Regional Program Offices, a single report will be forwarded to the National Office by NLT October 31, 2018 and again by October 31, 2019.

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

**Original Signed**

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

**Original Signed**

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Lael J. Lubing  
Director  
Grants & Fiscal Policy Division

Attachments:

FY 2017 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