



United States
Department of
Agriculture

Food and
Nutrition
Service

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SUBJECT: Additional Guidance on Use of Administrative Funds for State Costs of Implementation of New Meal Patterns for the National School Lunch Program and School Breakfast Program

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum is intended to supplement memorandum SP 07-2012, dated December 29, 2011, *Allocation of Administrative Funds for State Costs of Implementation of New Meal Patterns for the National School Lunch Program and School Breakfast Program*. Specifically, this memorandum provides additional information on allowable uses of the funds provided to State agencies under Section 201 of the Healthy, Hunger-Free Kids Act of 2010 (the Act).

These administrative funds are made available to States for State-level activities related to training, technical assistance, certification, and oversight activities associated with the implementation of the new meal patterns and nutrient standards, and the performance-based reimbursement increase as outlined in Section 201 of the Act. We have been asked whether State agencies may provide any of the Section 201 funds directly to school food authorities (SFAs) for implementation activities. There is some flexibility for SFAs to use these funds, provided the SFAs are performing a function related to a State activity. We expect this will most likely occur in the realm of training. State agencies may use Section 201 funds to develop and disseminate training programs to assist SFAs in achieving compliance with the new meal pattern requirements. In addition, within the framework of supporting a State-approved training and technical assistance program or initiative, the State agency may provide funds to SFAs to carry out the training program within the SFA. This could include:

- costs associated with SFA-developed training materials and State approval of those materials to assist SFAs in achieving compliance with the new meal patterns;
- costs associated with disseminating State or SFA-developed training and guidance materials to local level foodservice staff; and
- SFA costs (travel and other) associated with training local level foodservice staff.

Regional Directors

State Directors

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For example, if the State agency develops a presentation and training tools on the implementation of the new meal patterns or approves SFA-developed training materials, the State agency may use the funds to pay for the materials developed for the training program and the travel costs for SFA staff to conduct the training sessions.

Per 2 CFR 225, Appendix B, Subsection 15, in no case may the funds be used for the procurement of equipment for SFAs (i.e., foodservice equipment, such as salad bars, convection ovens, steamers, etc.), either by the State agency or the SFA.

Although Section 201 funds were allocated based on the State Administrative Expense (SAE) funding formula and the parameters of use appear similar to SAE funds, please keep in mind that these are two separate funding sources. The flexibilities described above with regards to training and technical assistance for SFAs are limited to the Section 201 funds and do not extend to the allowable uses of SAE funds. The Food and Nutrition Service (FNS) encourages State agencies to fully expend Section 201 funding on activities relating to the implementation of the new meal pattern requirements prior to using their SAE funding for this purpose, as Section 201 funds are not available for future reallocation.

State agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office. Regional Offices with questions should contact the Child Nutrition Division.

Original Signed

Cynthia Long
Director
Child Nutrition Division

Attachment

Attachment A

This Attachment has been added to policy memo SP 13-2013 to provide additional flexibilities to assist State agencies with using the HHFKA Section 201 funds.

SP 7-2012 (December 29, 2011) and SP 14-2013 (December 7, 2012) provided the funding levels allocated to each State agency and background information pertaining to the purpose of these funds and the reporting procedures. In addition, per SP 39-2013, dated May 3, 2013, FNS extended the period of performance of these funds for an additional year for each allocation.

FNS received a number of questions on allowable uses for these funds for activities related to the administrative reviews, marketing and promotion, signage, and software support. This attachment provides guidelines for uses of Section 201 funds to support activities similar to those identified for training. Please keep in mind that Section 201 funds and State Administrative Expense (SAE) funds are two separate funding sources. Therefore, the flexibilities described in this attachment are limited to Section 201 funds and do not extend to the allowable uses of SAE funds.

Administrative Reviews:

Activities related to State-level administrative reviews of school food authorities (SFA) are an allowable use of Section 201 funds. The Administrative Review process ensures compliance with all program requirements which support the implementation of the new meal patterns. Section 201 funds may be used to support onsite visits and for conducting reviews. Other allowable activities may also include State-level administrative review system upgrades, training on the review of the new meal patterns, continuing certification, other new review activities, and travel for purposes of the administrative review.

Marketing/Promotion:

Section 201 administrative funds may be used to purchase marketing and promotional materials supporting State agency approved campaigns and messages related to the new meal patterns. State agencies may purchase and/or develop in-house materials such as banners and brochures for marketing and promotional campaigns to provide to the SFAs, or they may establish best practices promotional materials collected from various SFAs' efforts. SFAs may be reimbursed by the State agency for purchasing materials which support the State agency marketing and promotion initiatives to support the new meal pattern. Other acceptable uses of these funds include covering costs associated with distributing the materials to the SFAs such as providing copies of the updated food buying guide. FNS reminds State agencies that there are many promotional and marketing materials available at no charge or little charge to them that have already been developed by FNS and others.

Signage:

Signage is an allowable use of Section 201 funds when the activity is part of a State-wide initiative and would result in consistent messages approved by the State agency and available to all SFAs. For example, signage providing information on reimbursable meals within foodservice areas is an allowable use of Section 201 funds. The State could use these funds to print existing posters for SFAs or State agencies may use contracting services for this purpose.

Support Software:

Software supporting the implementation and oversight of the new meal patterns is allowable provided that the software is purchased as part of a State-wide initiative for these objectives. This includes USDA-approved software purchased by the State for local use during performance-based reimbursement certification activities and administrative reviews. A State agency may contract with a software company to make electronic administrative review instruments or assist with promoting and implementing the new meal patterns. Support software must be available to all SFAs; however, the use of Section 201 funds for this expense is not contingent upon all SFAs adopting this new technology. State agencies must follow proper procurement procedures to obtain these products and offer the full benefit of the software funded with Section 201 funds to all SFAs. State agencies must also have a plan to support ongoing maintenance costs and ensure sustainability of software purchases. State agencies should note ongoing maintenance and operational costs of software purchased for SFAs with Section 201 funds in support of a State-wide initiative for the new meal patterns may not be covered by SAE funds.