



**United States
Department of
Agriculture**

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
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DATE: April 18, 2014

MEMO CODE: SP 37-2014

SUBJECT: Fiscal Year 2014 National School Lunch Program
Equipment Assistance Grants for School Food Authorities

TO: Regional Directors
Special Nutrition Programs
Financial Management
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to distribute funding allocations in the amount of \$25 million provided by the Fiscal Year (FY) 2014 Agriculture Appropriations Act to State agencies that will competitively award equipment assistance grants to eligible school food authorities (SFA) participating in the National School Lunch Program (NSLP). This memorandum also provides guidance on the specific terms and conditions for these grants, period of performance and timeline, funding goals, and reporting requirements.

These funds will allow SFAs to purchase equipment to serve healthier meals that meet the updated meal patterns, with emphasis on more fruits and vegetables in school meals, improve food safety, and expand access.

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 award under the American Recovery and Reinvestment Act of 2009 and the FY 2010 and FY 2013 Agriculture Appropriations Acts.

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

Regional Directors

State Directors

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- Opportunities to realize a meaningful impact on nutrition and quality of meals (e.g., replacing fryers with combination steamer-ovens)
- Strategies for adopting Smarter Lunchrooms (e.g. lunchroom changes that provide more convenience and appeal to the student population, 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.

Funding

In December 2013, FNS distributed \$11 million (\$9.7 million authorized by the FY 2013 Appropriations Act and \$1.25 million recovered from the FY 2010 NSLP Equipment Assistance funding) for equipment grants to 16 State agencies identified as having the greatest need. Please refer to SP-14-2014 dated December 18, 2013 for additional information on the selection process.

With the new funding available through the FY 2014 Appropriations Act, FNS is providing a proportional share of funds to all State agencies that did not receive funding in December 2013, and additional funds to the 16 State agencies that received the December allocation. To ensure equitable distribution of the FY 2013 and FY 2014 allocations, FNS consolidated both allocations (\$11 million and \$25 million) and used the State Administrative Expense allocation formula to issue the total allocation of \$36 million to the State agencies. Those 16 State agencies that already received a share of the \$11 million from FY 2013 funds will receive additional funds to bring them up to their full share of the entire \$36 million. Refer to Attachment A for each State agency's funding allocation.

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, 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
- 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. USDA regulations at 7 CFR 3016.3 and Office of Management and Budget Circular A-87 define equipment as articles of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5,000.

As with all Federal grant funds, equipment procured using these grant funds must be necessary, reasonable, and allocable. 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 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 is two years. Therefore, the performance period will end September 30, 2016.

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. State agencies must complete the entire award process by the end of FY 2015 (September 30, 2015). Furthermore, SFAs must complete their procurement and expenditure activities by the end of FY 2016 (September 30, 2016).

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 prior to September 30, 2015, 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 (RO) 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 begin funding those SFAs that were partially funded during the initial allocation process from top to bottom of the applicant list.

Funds returned to the State agency after September 30, 2015 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). FNS Regional Program Offices will be responsible for collecting quarterly progress activity reports from State agencies that include the following information:

- Types of equipment purchased
- Accomplishments and challenges in expenditure activities
- Impact on the school food service operation of purchased equipment
- Reason(s) for any unliquidated funds
- Potential return of equipment
- Report on the total amount and percentage of administrative costs expended as compared to the total amount allowable for administrative costs

Questions regarding this memo should be directed to the ROs. RO questions should be directed to the Child Nutrition Program Monitoring and Operational Support Division.

Original Signed

Cynthia Long
Deputy Administrator
Child Nutrition Programs

Attachment

FY 2013 and 2014 National School Lunch Program Equipment Assistance Funds

State Allocations

State Agency	FY 2013 Allocation	FY 2014 Allocation	Total Allocations
Alabama		\$639,832	\$639,832
Alaska		\$99,095	\$99,095
Arizona		\$817,805	\$817,805
Arkansas	\$292,717	\$135,100	\$427,817
California	\$3,051,012	\$1,494,322	\$4,545,334
Colorado		\$403,110	\$403,110
Connecticut		\$278,079	\$278,079
Delaware		\$97,617	\$97,617
District of Columbia	\$46,915	\$24,727	\$71,642
Florida		\$2,135,563	\$2,135,563
Georgia		\$1,558,986	\$1,558,986
Guam	\$37,934	\$16,720	\$54,654
Hawaii		\$135,799	\$135,799
Idaho		\$176,149	\$176,149
Illinois	\$876,609	\$441,829	\$1,318,438
Indiana		\$767,685	\$767,685
Iowa		\$294,988	\$294,988
Kansas		\$315,184	\$315,184
Kentucky		\$613,036	\$613,036
Louisiana		\$682,355	\$682,355
Maine	\$73,808	\$37,203	\$111,011
Maryland		\$482,161	\$482,161
Massachusetts		\$489,423	\$489,423
Michigan	\$638,408	\$347,282	\$985,690
Minnesota		\$465,203	\$465,203
Mississippi	\$376,391	\$177,938	\$554,329
Missouri	\$432,863	\$224,047	\$656,910
Montana		\$81,575	\$81,575
Nebraska		\$195,837	\$195,837
Nevada		\$270,902	\$270,902
New Hampshire		\$72,204	\$72,204
New Jersey		\$711,388	\$711,388

FY 2013 and 2014 National School Lunch Program Equipment Assistance Funds

State Allocations

State Agency	FY 2013 Allocation	FY 2014 Allocation	Total Allocations
New Mexico	\$212,084	\$108,056	\$320,140
New York		\$1,999,878	\$1,999,878
North Carolina		\$1,165,000	\$1,165,000
North Dakota		\$56,315	\$56,315
Ohio		\$1,122,622	\$1,122,622
Oklahoma	\$352,630	\$174,936	\$527,566
Oregon	\$236,188	\$115,929	\$352,117
Pennsylvania		\$1,019,574	\$1,019,574
Puerto Rico		\$413,960	\$413,960
Rhode Island		\$93,191	\$93,191
South Carolina		\$644,719	\$644,719
South Dakota		\$85,265	\$85,265
Tennessee	\$531,597	\$286,112	\$817,709
Texas	\$2,982,315	\$1,427,088	\$4,409,403
Utah		\$282,622	\$282,622
Vermont		\$54,654	\$54,654
Virgin Islands		\$54,654	\$54,654
Virginia	\$465,823	\$247,129	\$712,952
Washington	\$392,704	\$197,670	\$590,374
West Virginia		\$214,653	\$214,653
Wisconsin		\$498,174	\$498,174
Wyoming		\$54,654	\$54,654
Total	\$11,000,000	\$25,000,000	\$36,000,000

Note: FY 2013 funding allocations are based on FY 2013 State Administrative Expense Allocations for the school meals programs. FY 2014 funding allocations are based on FY 2014 State Administrative Expense Allocations for the school meals programs.