



Food and Nutrition Service

Braddock Metro Center

1320 Braddock Place Alexandria VA 22314

DATE: October 5, 2022

MEMO CODE: SP 01-2023

SUBJECT: Notice of Additional Funding for Fiscal Year (FY) 2022 National School Lunch Program Equipment Assistance Subgrants for School Food Authorities

TO: Regional Directors
Special Nutrition Programs
All Regions

Regional Directors
Grants Management and Administrative Services
All Regions

State Directors
Child Nutrition Programs
All States

Issuing Agency/Office:	FNS/Child Nutrition Programs
Title of Document:	Notice of Additional Fiscal Year (FY) 2022 National School Lunch Program Equipment Assistance Grants for School Food Authorities
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Summary:	The purpose of this memorandum is to announce an additional \$50 million in FY 2022 Equipment Assistance Grant funding above the \$30 million announced in SP 14-2022. This additional funding, provided by the American Rescue Plan Act (ARPA), is being made available to State agencies in addition to the previously announced \$30 million, to competitively award Equipment Assistance Subgrants to eligible School Food Authorities (SFAs) participating in the National School Lunch Program (NSLP).

The United States Department of Agriculture (USDA) continues to recognize the challenges facing schools nationwide. Higher food prices and supply chain disruptions have played a role in postponing other important food service purchases. To further mitigate these challenges and support schools, the USDA is pleased to announce an additional \$50 million in Equipment Assistance Grant funding provided by the American Rescue Plan Act (ARPA) (P.L. 117-2) under section §1001 (b)(4). The additional funding will support school food authorities (SFAs) in providing healthy and appealing meals by meeting vital food service equipment needs.

This funding reflects USDA's financial commitment to supporting SFAs in a successful return to normal National School Lunch Program (NSLP) and School Breakfast Program (SBP) operations. The grant funding will work in concert with our other financial support assisting schools in navigating the current challenges – including the additional reimbursement funds for school meals, and supply chain allocation funds to purchase domestic food for meal programs.

Schools can use this funding to purchase equipment for a variety of important improvements for the food service such as purchasing tools that support scratch cooking, storing fresh food from local producers, and receiving food deliveries in a more efficient manner. These improvements will be used to maintain and improve food and agricultural supply chain resiliency by increasing the efficiency of SFA procurement, for example by enabling a wider variety of food purchases through scratch cooking. In addition, timely award of these Equipment Assistance Grants will benefit recipient SFAs by enabling them to meet equipment needs associated with a return to standard operating procedures. SFAs are encouraged, as part of their equipment purchases, to take advantage of the training offered by the companies on how to use their specific equipment.

The \$50 million dollars in ARPA funding is in addition to the \$30 million provided by the Consolidated Appropriations Act, 2022, (Public Law 117-103). This ARPA funding is being made available to State agencies in addition to the previously announced \$30 million to competitively award Equipment Assistance subgrants to eligible SFAs participating in the NSLP. This memorandum and attachments provide guidance on the specific terms and conditions, funding goals, period of performance, and associated timelines for these subgrants.

Subgrant Awards

State agencies must competitively award subgrants to SFAs and schools to purchase equipment, with a value of greater than \$1,000, needed to serve healthier meals, support scratch cooking, improve food safety, store fresh food, upgrade equipment, and to help support the establishment, maintenance, or expansion of the SBP. State agencies are encouraged to support as many SFAs with equipment needs as possible with this funding. Equipment must be purchased, used, managed and disposed of in accordance with the governing 2 CFR requirements.

State agencies may consider any SFA participating in the NSLP eligible to receive a subgrant award.

When making awards, State agencies have discretion to use selection criteria in the Request for Application (RFA) they develop that best meets the needs of the SFAs within their State. Selection criteria factors that State agencies may consider include, but are not limited to, the following:

- Age of food service equipment or lack of appropriate items;
- Ability of food service equipment to increase the efficiency of SFA procurement, food storage, and distribution/service;
- The availability of existing State and local funding for equipment purchases;
- Strategies for adopting lunchroom changes that provide more convenience and appeal to the student; and,
- Opportunities to realize meaningful impacts on nutrition and quality of meals.

State agencies must submit a copy of the RFA they will use in connection with the SFA award process, 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).

Funding

For the funding available in FY 2022, FNS used the State Administrative Expense (SAE) allocation formula to issue the available \$80 million to State agencies. The State agency funding allocation attachment details the original \$30 million allocation and the additional \$50 million, as well as the total amount the State agency will receive. A new FNS-529, Grant Award, will be provided to the State agencies reflecting their new allocation. Separate accounting will be required for the two funding streams however expenditures will be reported on a combined SF-425.

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

As with all Federal grant funds, procurement regulations at 7 CFR Part 210.21 and 2 CFR Part 200.317-326 apply, and equipment competitively procured using these grant funds must be necessary, reasonable, and allocable. 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.

SFAs awarded grant funds are encouraged to purchase equipment made domestically.

Period of Performance

The effective dates of these subgrants will vary; however, the performance period for all such subgrants from States to SFAs must end September 30, 2024 (i.e. the termination date). While the performance period remains unchanged from SP 14-2022, FNS understands substantial increases in funding and supply chain disruptions may impact State and schools' ability to spend these funds. FNS will monitor obligation of these funds and will consider all requests from the State to extend the period of performance, as needed.

Award/Award Timeline

State agencies will need to complete a new FNS-529¹ for the additional funding. The State agencies must also agree to the Standard Terms and Conditions. Once approved by the FNS Regional Office, the State agency will distribute subgrant materials, review application submissions from SFAs, award subgrants, and conduct monitoring activities. State agencies are expected to maintain all appropriate purchase records and make them available and ready for review upon request.

FNS recommends that States complete the initial subaward process by September 30, 2023, including the States' solicitation and obligation of funds to their respective subgrantees.

SFAs that are unable to fully expend their grant amounts must return any unobligated and unliquidated funds to the State agency, unless FNS has granted an extension. If these funds are returned to the State agency, the State agency may reallocate available funds (the returned funds and any funds not previously obligated to SFAs) to award the next applicant for an equipment grant that had not received funds during the initial competitive grant application process.

Funds returned to the State agency after September 30, 2024, must be returned to FNS, unless a performance period extension is approved by FNS. State agencies must follow all standard policies and procedures to award these grants to the SFAs.

Administration

State agencies are required to electronically enter the quarterly and final financial status report (SF-425²) into the Food Program Reporting System (FPRS) for the "National School Lunch Program Equipment Grant, version 5" (CN-NSLPE-v5). This report must be entered within 30 days after the close of each quarter. The Final Financial Report must be entered into FPRS within 120 days of the expiration of the grant agreement. This report must also be certified by the Recipient's chief fiscal officer or an officer of comparable rank. State agency staff that do not already have access to the "CN-NSLPE-v5" Program in FPRS, must submit an FNS-674 to their Regional Office point-of-contact. The FNS-674 can be found on the FPRS Welcome page (Click Here: <https://fprs.fns.usda.gov>)

¹ The burden associated with this requirement is captured under OMB #0584-0512 Uniform Grant Application for Non-Entitlement Discretionary Grants – 07/31/2025

² The burden associated with this requirement is captured under OMB #0584-0594 Food Programs Reporting System (FPRS) – 07/31/2023

Questions regarding this memo should be directed to the appropriate Regional Office. Regional Office questions should be directed to the Child Nutrition Program Monitoring and Operational Support Division.

**JESSICA
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Jessica Saracino
Director
Program Monitoring and
Operational Support Division
Child Nutrition Program

**LYNN RODGERS-
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Lynn Rodgers-Kuperman
Director
Grants and Fiscal Policy Division
Financial Management

Attachments:

1. FY 2022 NSLP Equipment Assistance Funds: State Allocations
2. FNS Standard Terms and Conditions
3. FNS-529: Grant Cooperative/Agreement
4. FNS-529: Standard Terms and Conditions Instructions
5. Regional Office Checklist for Reviewing State Agency NSLP Equipment Grant Proposals