DATE: January 8, 2010

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TO: Regional Directors
Child Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States


SP-40-2009 indicated that States had until September 30, 2009, to obligate all of the allocated ARRA grant funds to SFAs chosen for award and SFAs have until September 30, 2010, to expend or liquidate these obligations. In some instances SFAs have been unable to liquidate the total amount of the award received after completing their procurement process as a result of the actual costs of procurement being lower than originally estimated in their grant application. In order to ensure that States will be able to fully expend the ARRA equipment grant funds, FNS is extending the period of performance under the grants to SAs until September 30, 2010. Thus, State agencies will have the authority to use unliquidated ARRA grant funds to provide awards to additional SFAs in FY 2010. Please note that all reporting for the reallocated funds should occur within the 2009 fiscal year report, quarters 5, 6, 7, and 8.

SFAs that were unable to fully expend their grant amounts must return the unliquidated funds to the SA, which must award the next applicant approved for an ARRA grant that had not received funds during the initial competitive grant application process. Partial awards may be given, e.g., an applicant applies for $5,000, but only $2,000 remains unobligated; therefore, the applicant is approved to receive $2,000 if the SFA chooses to accept the award. SFAs that are approved and choose to receive the awards as a result of this process must adhere to all previous memorandums issued by FNS and OMB (Office of Management and Budget) further clarifying the requirements of the ARRA Act. In addition, SFAs that receive funding...
under this process will not be eligible for the equipment grants awarded with the funds provided in the FY 2010 appropriations bill.

SAs must complete the process of recovering unliquidated funds from the SFAs by February 5, 2010. Once these funds are recovered, the SA must award the funds to the next applicant approved for an ARRA grant prior to February 26, 2010. These deadlines are established to ensure ARRA grant funds provided to the SFA by its SA for the purchase of foodservice equipment are expended by the September 30, 2010 deadline imposed by the ARRA Act. While SFAs have until September 30, 2010, to expend their awarded funds, they are strongly encouraged to liquidate the ARRA grant funds as quickly as possible.

Please disseminate this information as quickly as possible. State agencies with questions on this memorandum should contact their Regional Offices. Regional Office questions should be directed to Lynn Rodgers-Kuperman.

Original Signed

Cynthia Long
Director
Child Nutrition Division